



Algebris Global Credit Opportunities Fund (UCITS)

I EUR (Accumulating)

December 2020

Terms	
Size (€):	570m
Fund Inception:	19 July 2016
Fund Domicile:	Ireland
Fund Base Currency:	EUR
Dealing Frequency:	Daily
ISIN:	IE00BYT35D51
Management Fee:	0.9%
Incentive Fee:	15%

Portfolio Characteristics		
	Bond Portfolio	Total Portfolio
Yield to Maturity	3.6%	3.1%
Yield to Call	3.4%	2.9%
Rates duration	2.3 yrs	1.9 yrs
Spread duration	2.6 yrs	1.9 yrs
Average Rating	BB	BBB-
No. of Issuers	97	114/115*

Performance Analytics	
Return Since Inception	29.4%
Annualised Return	6.2%
Annualised Volatility	6.7%
Sharpe Ratio	1.0
2019 Annual Distribution	3.7%

Note: Position ratings are calculated using an internal model. Bond Portfolio includes long single bond positions held in cash bonds and total return swaps, and excludes cash equivalent government debt (e.g. U.S. T-Bills). Total Portfolio includes bonds, interest rate futures, interest rate swaps, interest rate options (beta-adjusted for duration calculation) and credit default derivatives. Yield calculation is adjusted for stressed credit instruments. *Includes equities. Source: FIS, Bloomberg LP, Algebris Investments

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 15bps). 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 (Id EUR). Share class inception date: 22 September 2016. Source: HSBC Securities Services (Ireland) DAC, Morningstar

Fund Objective

The Algebris Global Credit Opportunities Fund aims to generate attractive risk-adjusted returns across sovereign, bank and corporate debt globally, hedging macro risks and optimising diversification and liquidity.

The Fund adopts a multi-strategy, flexible approach, and has the ability to take long and short positions, employ prudent leverage and use derivatives where appropriate.

Performance History (Net) % - I EUR (Accumulating)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2016									-0.29	2.05	-0.16	0.50	2.10
2017	2.27	-2.10	1.26	2.13	0.26	-2.03	0.97	0.14	-0.40	3.18	0.06	1.70	7.56
2018	2.80	-3.22	-0.37	0.40	-3.99	-1.65	0.16	-0.96	0.22	-2.88	-4.12	-0.22	-13.19
2019	4.02	0.86	0.86	1.67	-2.37	5.98	2.37	1.53	2.53	0.37	0.03	1.23	20.55
2020	2.05	-0.05	-9.71	5.31	4.95	2.60	0.85	1.99	-1.00	-1.03	5.88	1.05	12.60

Note: Returns are net of management fees, incentive fees and operating expenses but exclude ADL (Anti-Dilution Levy – Currently 15bps). 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

Risk Profile

Lower Risk **Higher Risk**

Typically lower rewards Typically higher rewards

←—————→

1 2 3 4 5 6 7

Top 5 Strategies			
Rank	Strategy	% Exposure	% of VaR
1	DM HY Corporate Credit	20%	28%
2	Additional Tier 1	11%	33%
3	Fin. Credit (Non-AT1)	9%	16%
4	EM Corporate Hard-FX	7%	6%
5	DM IG Corporate Credit	6%	6%

Top 5 Countries			
Rank	Country	% Exposure	% of VaR
1	United Kingdom	7%	7%
2	Greece	6%	3%
3	Spain	5%	12%
4	France	4%	5%
5	China	3%	0%

% of AUM: cash instrument exposures correspond to market value; derivatives exposures are delta adjusted; CDS exposures correspond to notional plus present value. VaR Assumptions: 99% confidence interval, 1-month holding period, Monte Carlo simulations assuming a fat-tailed return distribution. Source: FIS, Algebris Investments

% of AUM: cash instrument exposures correspond to market value; derivatives exposures are delta adjusted; CDS exposures correspond to notional plus present value. VaR Assumptions: 99% confidence interval, 1-month holding period, Monte Carlo simulations assuming a fat-tailed return distribution. Source: FIS, Algebris Investments

Commentary

How we did in December: The fund returned between 1.0% and 1.4% across the different share classes, compared to SPX 3.7%, SX5E 1.7%, EUR BAML HY (HE00 Index) 0.8%, US BAML HY (H0A0 Index) 1.9% and EM bonds (EMGB Index) 1.5%. Performance in December, gross of fees in EUR, was from: (i) Credit: 1.2%, with 1.3% from cash and -0.1% from CDS; (ii) Rates: -11bp; (iii) FX: 1bp; (iv) Equity: 37bp, and (v) Other: 19bp. November's market-rally, on positive vaccine developments and a Biden Victory, extended in to December at a more muted pace, against rising Covid cases, a slower-than-anticipated vaccine roll out and risks of a no-deal Brexit.

What we are doing now: Risk assets are nearly back to pre-Covid highs, with few exceptions. While the start of vaccine deployment is a positive, rollout rates vary across countries and lockdowns are getting more severe. As a result, we see limited value in credit at current levels, especially for beta. As a result, we are currently increasing cash levels and credit protection, while maintaining upside potential in a few selected asset classes. Today, we are invested roughly at 60% of our maximum capacity, and have recently increased CDS credit protection to around 20%.

We keep our focus on alpha generation. In our view, the best risk-reward lies in sectors linked to re-opening, such as cruises, airlines and energy names – and in convertible debt, which offers higher upside than pure credit. We continue to select cyclical firms and sectors in strong countries, protected by liquidity buffers or government support. In emerging markets, we are selectively long local currency bonds of healthy sovereigns (Indonesia) or cheap national champions (Pemex).

After a year of double-digit fiscal stimulus and growing central bank balance sheets, we believe markets may eventually test the policymakers' resolve in supporting the economy. So far, central banks have been growing their balance sheets absorbing supply and government bond issuance. Eventually, however, something has to give: either government debt will have to yield more, or more likely, developed market currencies will depreciate. We maintain a low duration, with protection for a widening in rates, and we continue to hold moderate upside in developed and emerging markets currencies against the Dollar, as well as gold.

As we discussed in our latest [Silver Bullet | The New Bond Vigilantes](#) fixed income markets offer little value to investors today. It is therefore increasingly important to focus on active management and attention to fundamentals. For the full year 2020, the fund returned between 12%-16% between the different share classes vs EUR HY 2.76%, USD HY 6.16% and EMGB 5.2%.

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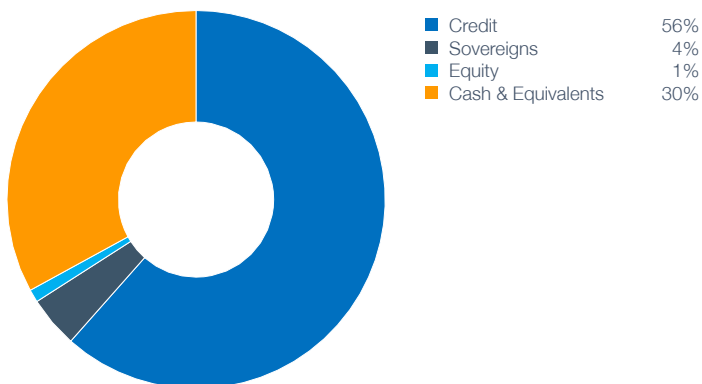
December 2020

Performance since Fund Inception



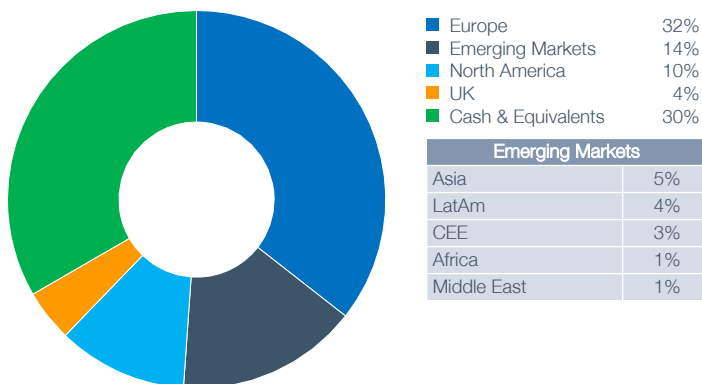
Performance is net of admin, management and incentive fees and includes ADL (Anti Dilution Levy – Currently 15bps). The actual price at which an investor subscribes or redeems shares in the fund will vary, depending on the swung price based on the ADL applied on the day in question. Further information is contained in the Prospectus. Past performance is not a guarantee of future results. Source: HSBC Securities Services (Ireland) DAC, Algebris Investments

Asset Allocation (Cash Portfolio)



Exposure as a % of AUM. Credit and Sovereigns include long single bond positions held in cash bonds and total return swaps. Source: FIS, Bloomberg LP, Algebris Investments

Allocation by Geography (Bond Portfolio)



Exposure as a % of AUM. Includes long single bond positions held in cash bonds and total return swaps. Source: FIS, Bloomberg LP, Algebris Investments

Sector Breakdown (Bond Portfolio)

Sector	%
Sovereigns	3.8%
Developed Markets Investment Grade Sovereigns	0.0%
Developed Markets High Yield Sovereigns	0.1%
Emerging Markets Sovereigns	3.7%
Corporates	37.0%
Oil&Gas	7.4%
Real Estate	3.3%
Others	26.3%
Financials	19.2%
Banks	17.2%
Others	2.0%

Exposure as a % of AUM. Includes long single bond positions held in cash bonds and total return swaps. Sector breakdown exposures may not add up to sector total exposure due to rounding. Source: FIS, Bloomberg LP, Algebris Investments

Top 10 Holdings by Issuer (Bond Portfolio)

Issuer	%
Petroleos Mexicanos (32% hedged via CDS)	3.7%
Intesa Sanpaolo	2.5%
UniCredit	2.3%
Banca Monte Dei Paschi di Siena	2.1%
Banco BPM	2.0%
Carnival Corporation	1.8%
Ibercaja Banco	1.6%
Dish Network	1.4%
Republic of Indonesia	1.3%
Banco Comercial Portugues	1.3%

Exposure as a % of AUM. Includes long single bond positions held in cash bonds and total return swaps. Source: FIS, Bloomberg LP, Algebris Investments

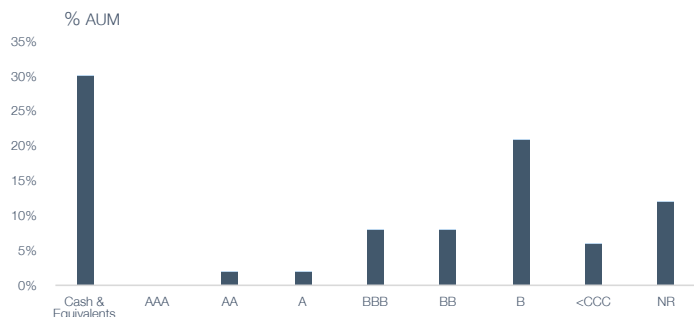


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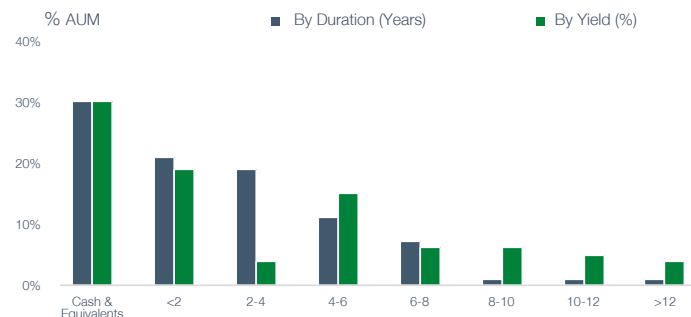
December 2020

Ratings Distribution (Bond Portfolio)



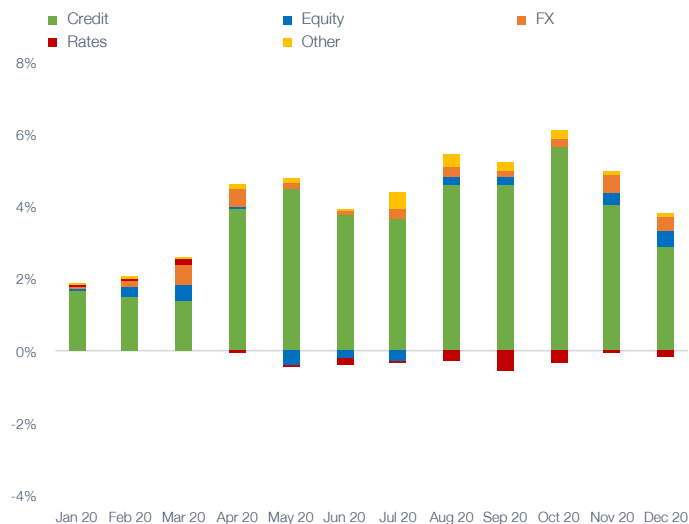
Exposure as a % of AUM. Includes long single bond positions held in cash bonds and total return swaps. Ratings calculated using an internal model. Source: FIS, Bloomberg LP, Algebris Investments

Yield and Duration Distribution (Bond Portfolio)



Exposure as a % of AUM. Includes long single bond positions held in cash bonds and total return swaps. Source: FIS, Bloomberg LP, Algebris Investments

1-Month VaR - Contribution by Strategy (Last 12 Months)



VaR Assumptions: 99% confidence interval, 1-month holding period, Monte Carlo simulations assuming a fat-tailed return distribution. FX includes FX hedging forwards. Source: FIS, Algebris Investments

PnL by Strategy (Last 12 Months)



PnL as % of average AUM during the period, in bps. Gross of fees and expenses. LTM – Last Twelve Months. Past performance is not a guarantee of future results. Source: Bloomberg LP, Algebris Investments.

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 28 investment professionals and manages EUR 14.3bn AUM (inclusive of committed capital), split between credit and equity investments (data as of 31.12.2020).

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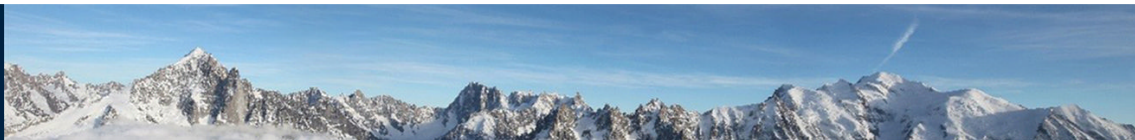
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Fund Details				
Share Classes			Identifiers	
Class	Currency	Minimum Initial Investment	ISIN	BBG ticker
I	EUR	€500,000	IE00BYT35D51	SLVBTE ID
	GBP	GBP equivalent of €500,000	IE00BYT35N59	SLVBIG ID
	USD	USD equivalent of €500,000	IE00BYT35S05	SLVBTU ID
	CHF	CHF equivalent of €500,000	IE00BYT35Q80	SLVBTIC ID
	SGD	SGD equivalent of €500,000	IE00BYT35V34	SLVBTS ID
	JPY	JPY equivalent of €500,000	IE00BD71VP87	ALGMCIJ ID
Id	EUR	€500,000	IE00BYT35F75	SLVBIDE ID
	GBP	GBP equivalent of €500,000	IE00BYT35P73	SLVBIDG ID
	USD	USD equivalent of €500,000	IE00BYT35T12	SLVBIDU ID
	CHF	CHF equivalent of €500,000	IE00BYT35R97	SLVBIDC ID
	SGD	SGD equivalent of €500,000	IE00BYT35W41	SLVBIDS ID
	JPY	JPY equivalent of €500,000	IE00BD71VQ94	ALMCIDJ ID
R	EUR	€10,000	IE00BYT35X57	SLVBTRE ID
	GBP	GBP equivalent of €10,000	IE00BYT35Z71	SLVBTRG ID
	USD	USD equivalent of €10,000	IE00BYT37C84	SLVBTRU ID
	CHF	CHF equivalent of €10,000	IE00BYT36101	SLVBTRC ID
	SGD	SGD equivalent of €10,000	IE00BYT3MH83	SLVBTRS ID
	JPY	JPY equivalent of €10,000	IE00BD71VR02	ALGMCRJ ID
Rd	EUR	€10,000	IE00BYT35Y64	SLVBRDE ID
	GBP	GBP equivalent of €10,000	IE00BYT36093	SLVBRDG ID
	USD	USD equivalent of €10,000	IE00BYT3MG76	SLVBRDU ID
	CHF	CHF equivalent of €10,000	IE00BYT36M18	SLVBRDC ID
	SGD	SGD equivalent of €10,000	IE00BYT3MJ08	SLVBRDS ID
	JPY	JPY equivalent of €10,000	IE00BD71VS19	ALMCRDJ ID

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The strategy employed may result in the NAV exhibiting a high level of volatility. The Fund may be leveraged which can potentially increase losses. This Fund may invest in contingent convertible securities. These securities 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 the securities may fluctuate. Additional risk factors associated with contingent convertible securities are set out in the Fund's Prospectus. There is no secondary market for investments in the Fund and none are expected to develop. The Fund may lack diversification. The Fund's high fees and expenses may offset the Fund's trading profits.

The State of the origin of the Fund is Ireland. In Switzerland, the Representative is ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich, whilst the Paying agent is Vontobel Ltd, Gotthardstrasse 43, CH-8022 Zürich. The basic documents of the Fund as well as the annual and, if applicable, semi-annual report may be obtained free of charge from the Representative.

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