Algebris Macro Credit Fund (UCITS)

I EUR (Accumulating)

August 2018

Terms

Size (€): 893m

Fund Inception: 19 July 2016

Fund Domicile: Ireland

Fund Base Currency: EUR

Dealing Frequency: Daily

ISIN: IE00BYT35D51

Management Fee: 0.9%

Incentive Fee: 15%

Fund Objective

The Algebris Macro Credit 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.

Risk Profile

Lower Risk	Higher Risk
Typically lower rewards	Typically higher rewards

1 2 3 **4** 5 6 7

Note: The synthetic risk and reward indicator (SRRI) 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%.

Portfolio Characteristics

	Bond Portfolio	Total Portfolio
Yield to Maturity	5.9%	5.0%
Yield to Call	5.8%	4.8%
Effective Duration	3.5 yrs	2.7 yrs
Average Rating	B+	B+
No. of Issuers	83	95/99*

Note: Position ratings are calculated using the average of S&P, Moody's and Fitch ratings, excluding non-rated securities. Duration is based on Bloomberg "mid duration". Bond Portfolio includes only cash bonds. Total Portfolio includes bonds, interest rate futures, interest rate swaps, interest rate options (beta-adjusted for duration calculation) and credit default derivatives. *Includes equities.
Source: Bloomberg LP, Algebris (UK) Limited

Performance Analytics

Return Since Inception	2.4%
Annualised Return	1.2%
Annualised Volatility	6.4%
Sharpe Ratio	0.2
2017 Annual Distribution	4.1%

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

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					-6.77

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

Top 5 Strategies (% Contribution to VaR)

Rank	Strategy	%
1	Hedges	43%
2	DM Sovereigns/IG	20%
3	Additional Tier 1	18%
4	Volatility	7%
5	HY/Special Situations	4%

VaR Assumptions: 99% confidence interval, 1-month holding period, 2 years of historical data. Source: StatPro Group plc, Algebris (UK) Limited

Top 5 Countries (% Contribution to VaR)

Rank	Country	%
1	United States	28%
2	Greece	21%
3	Italy	13%
4	France	13%
5	Spain	10%

VaR Assumptions: 99% confidence interval, 1-month holding period, 2 years of historical data. Source: StatPro Group plc, Algebris (UK) Limited

Commentary

How we did in August: The fund returned around –0.9% in August, depending on share classes. In comparison, the return across other assets in the month was: EUR HY Baml index (HE00 Index) –0.2%, US HY Baml index (H0A0 Index) 0.7%, EM Bonds (EMB index) –2.3%, SPX 3.3%, SX5E –3.7%, EEM –3.8%. The fund's performance had four drivers this month:

1. 0.54% in rates, due to our long position in five and ten year US rates, which tightened in August, but which were moderately offset by our short in core European rates, which tightened in the same period.
2. -0.10% in equities, where our long EU financial equities position underperformed in the month, but was offset by our short in EM equities.
3. -1.77% in credit, as cash bonds in Greece and our European corporate and financials portfolio suffered from some contagion from the Italian-government debt-led sell off. These were partly offset by gains in our hedges.
4. 0.44% in FX, as our EM currency shorts (BRL, RUB, TRY) performed well against USD.

How we are positioning now: We are positive on Europe and believe HY corporate credit in Europe remains selectively attractive, with spreads 200-400bp wider than US and EM credit, for similar ratings. We have therefore continued to increase our HY bond exposure through August to 73% of AUM as of month-end, by selectively buying corporate bonds between 2-5y maturity of high yield firms, with a yield between 5-8% in Euros. This has brought our bond portfolio yield to around 6% in Euros and over 9% in Dollars, including currency hedging costs, for an effective duration of 3.5 years. We expect a relatively benign outcome (i.e. within EU budget rules) from the Italian 2019 budget discussions due in September, and as a result we have taken profits on our hedges on BTPs and added longs on CDS indices, which we think may squeeze tighter as investors unwind hedges. We remain long call options on European equities and short EM-exposed equities, long US rates vs. short core European rates, and long US dollar relative to EM currencies. Our key portfolio view remains a benign scenario for Europe with a long, short-maturity carry position on idiosyncratic corporates and banks, coupled with EM hedges against trade tensions, which we think will remain elevated.

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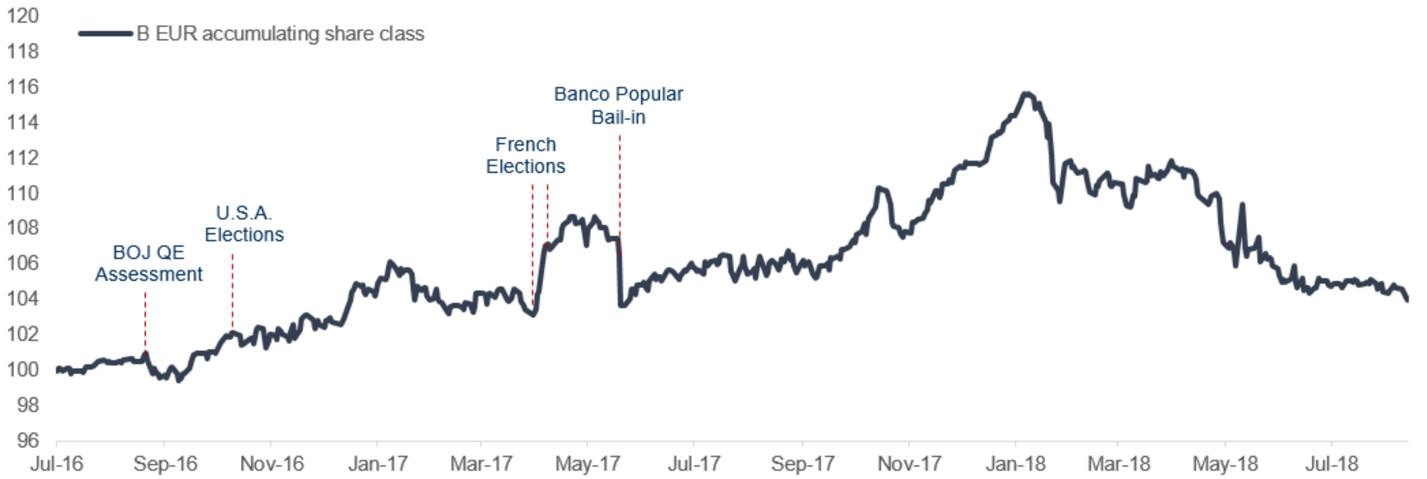
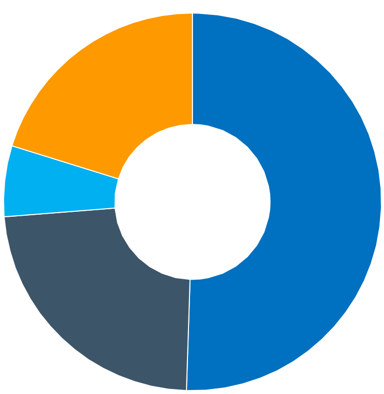
Performance since Fund Inception



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.
Source: Bloomberg LP, Markit TM, HSBC Securities Services (Ireland) DAC, Algebris (UK) Limited

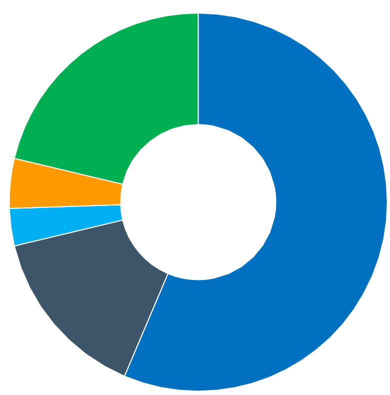
Asset Allocation (Cash Portfolio)



Credit	50%
Sovereigns	23%
Net Equity Exposure	6%
Cash & Equivalents	20%

Exposure as a % of AUM. Excludes derivatives, except for Net Equity Exposure.
Source: Algebris (UK) Limited, Bloomberg LP

Allocation by Geography (Bond Portfolio)



Europe	53%
Emerging Markets	14%
North America	3%
UK	4%
Cash & Equivalents	20%

Emerging Markets	
LatAm	9%
Africa	3%
Middle East	0.8%
CEE	0.6%
Asia	0.3%

Exposure as a % of AUM. Excludes derivatives.
Source: Algebris (UK) Limited, Bloomberg LP

Sector Breakdown (Bond Portfolio)

Sector	%
Sovereigns	23.1%
Developed Markets Investment Grade Sovereigns	1.6%
Developed Markets High Yield Sovereigns	13.0%
Emerging Markets Sovereigns	8.5%
Corporates	15.8%
Oil & Gas	2.5%
Telecommunications	2.5%
Others	10.8%
Financials	34.2%
Banks	30.7%
Others	3.5%

Exposure as a % of AUM. Excludes derivatives.
Source: Algebris (UK) Limited, Bloomberg LP

Top 10 Holdings by Issuer (Bond Portfolio)

Issuer	%
Hellenic Republic	13.0%
UniCredit	5.9%
CaixaBank	5.5%
Intesa	5.4%
Banco Sabadell	4.6%
Banco Santander	4.0%
Republic of Argentina	3.7%
Crystal Almond (Wind Hellas)	1.9%
Republic Of Ecuador	1.5%
Ibercaja Banco	1.2%

Exposure as a % of AUM. Excludes derivatives.
Source: Algebris (UK) Limited, Bloomberg LP

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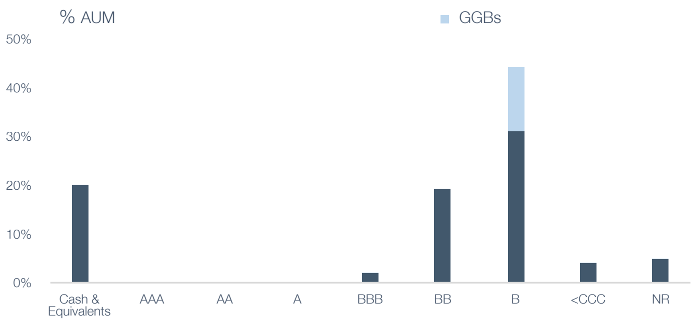
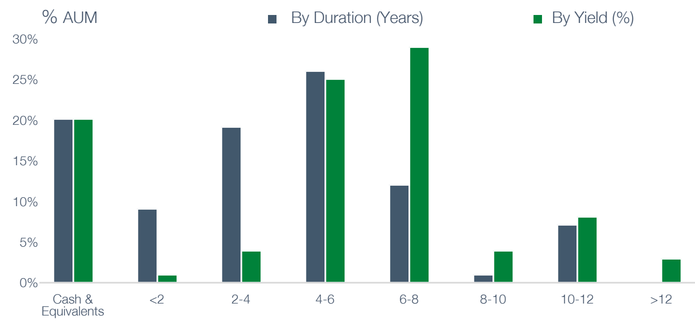
Ratings Distribution (Bond Portfolio)



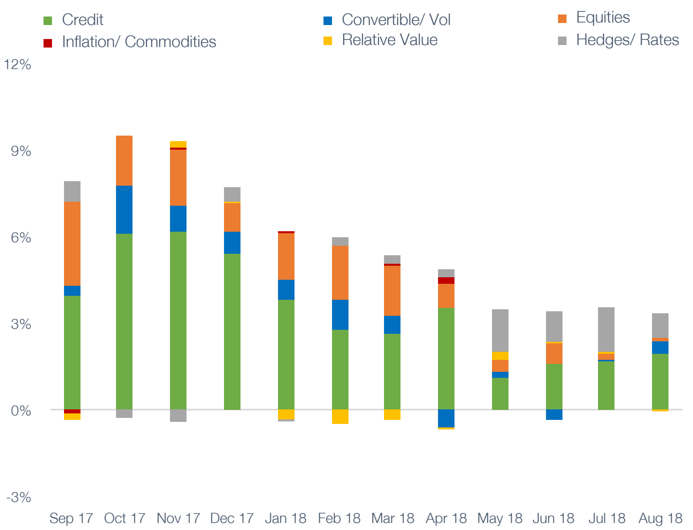
Exposure as a % of AUM. Excludes derivatives. GGBs – Greek Government Bonds. Ratings calculated using the average of S&P, Moody's and Fitch ratings.
Source: Bloomberg LP, Algebris (UK) Limited

Yield and Duration Distribution (Bond Portfolio)



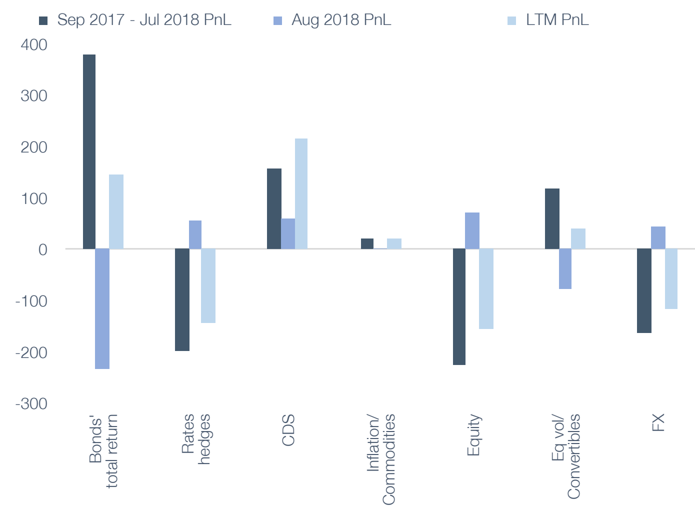
Exposure as a % of AUM. Excludes derivatives.
Source: Algebris (UK) Limited, Bloomberg LP

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



VaR Assumptions: 99% confidence interval, 1-month holding period, 2 years of historical data.
Source: StatPro Group plc, Algebris (UK) Limited

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
Source: Bloomberg LP, 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 11.7bn AUM (inclusive of committed capital), split between credit and equity investments (data as of 31.08.2018).

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.

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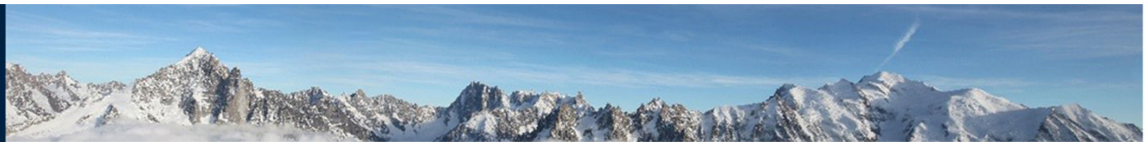

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Fund Details

Share Classes			Identifiers	
Class	Currency	Minimum Initial Investment	ISIN	BBG ticker
I	EUR	€500,000	IE00BYT35D51	SLVBTIE ID
	GBP	GBP equivalent of €500,000	IE00BYT35N59	SLVBTIG ID
	USD	USD equivalent of €500,000	IE00BYT35S05	SLVBTIU ID
	CHF	CHF equivalent of €500,000	IE00BYT35Q80	SLVBTIC ID
	SGD	SGD equivalent of €500,000	IE00BYT35V34	SLVBTIS 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. 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, Gotthardstrasse43, 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.