



Algebris Macro Credit Fund (UCITS)

I EUR (Accumulating)

August 2019

Terms	
Size (€):	582m
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	7.1%	7.3%
Yield to Call	7.0%	7.2%
Rates duration	3.8 yrs	6.8 yrs
Spread duration	3.0 yrs	6.5 yrs
Average Rating	BB	BB
No. of Issuers	69	86/87*

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. *Includes equities.
Source: FIS, Bloomberg LP, Algebris (UK) Limited

Performance Analytics	
Return Since Inception	10.3%
Annualised Return	3.4%
Annualised Volatility	6.3%
Sharpe Ratio	0.6
2018 Annual Distribution	2.2%

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	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					15.68

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	Additional Tier 1	28%
2	EM Sovereign Local FX	18%
3	EM Sovereign Hard FX	15%
4	Financial Credit (Non-AT1)	11%
5	Sovereign CDS	6%

Top 5 Countries (% Contribution to VaR)		
Rank	Country	%
1	Italy	33%
2	Greece	11%
3	Ukraine	9%
4	Russia	9%
5	Spain	8%

VaR Assumptions: 99% confidence interval, 1-month holding period, Monte Carlo simulations assuming a fat-tailed return distribution. Source: FIS, Algebris (UK) Limited

VaR Assumptions: 99% confidence interval, 1-month holding period, Monte Carlo simulations assuming a fat-tailed return distribution. Source: FIS, Algebris (UK) Limited

Commentary

What happened in August: the fund returned between 1.4% and 1.6% across the different share classes (compared to SPX -1.6%, SX5E -1.1%, EUR BAML HY Index 0.7%, US BAML HY Index 0.4%, EM bonds -0.5%). We entered the month lighter on risk as we reduced risk assets across credit and FX post the big moves in July. When risk started to move weaker, we added longs in credit and European government bonds. These longs helped the performance in the second part of the month. In Italy, we saw the political developments as an opportunity for BTPs to reconcile with the rest of periphery so added risk into the political crisis. In EM, our book benefited from a small net short in Argentina, where we continue to be fully hedged. Idiosyncratic longs in Egypt and Ukraine added alpha to the portfolio - for a full discussion, please see our latest [Silver Bullet | The Magic Money Tree](#).

- Credit: 144bps, with -279bps from cash credit and 423bps from CDS
- Rates: 74bps
- Equity: 21bps
- FX: -31bps

What we are doing now: In our view, September can offer upside for risky assets since August brought positioning on the low side, PMIs are stabilizing (though still weak), and central banks will maintain an accommodative stance. To reflect this, we have been taking some profits on duration and adding to credit through CDS indices and selected HY names in emerging market. We have also somewhat reduced our equity, credit and FX shorts. In Europe, we are looking to gradually take profits on our longs in Italy and Greece, as we get closer to the next QE announcement by the ECB.

Our longer-term allocation remains focused on names with high fundamental quality and which benefit from a low rates environment. Given the strong bond market rally in 2019, we have now removed the emphasis from market beta and focus on more idiosyncratic investments across HY credit and EM.

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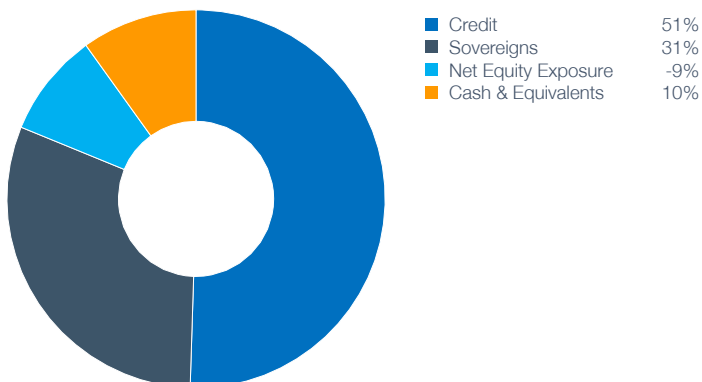
August 2019

Performance since Fund Inception



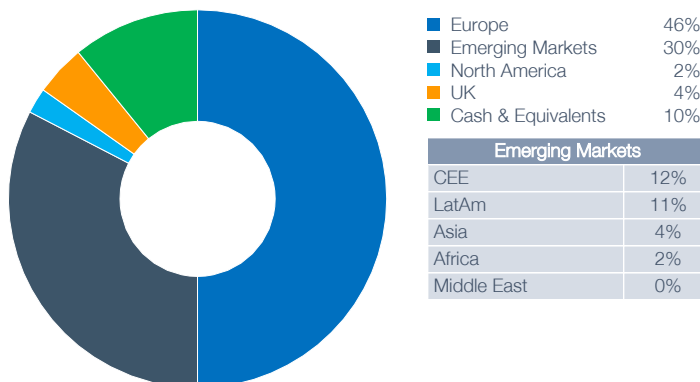
Performance is net of admin, management and incentive fees and includes ADL (Anti Dilution Levy – Currently 15bps). The actual price at which an investor subscribes or redeems shares in the fund will vary, depending on the swung price based on the ADL applied on the day in question. Further information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

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. Net Equity Exposure includes derivative instruments. Source: FIS, Bloomberg LP, Algebris (UK) Limited

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 (UK) Limited

Sector Breakdown (Bond Portfolio)

Sector	%
Sovereigns	31.1%
Developed Markets Investment Grade Sovereigns	6.1%
Developed Markets High Yield Sovereigns	1.0%
Emerging Markets Sovereigns	24.0%
Corporates	20.5%
Oil & Gas	9.6%
Media	2.5%
Others	8.3%
Financials	30.2%
Banks	28.1%
Others	2.1%

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

Top 10 Holdings by Issuer (Bond Portfolio)

Issuer	%
UniCredit	7.8%
Intesa	6.4%
Ukrainian Republic	6.0%
Russian Federation	4.8%
Petroleos Mexicanos	4.8%
Indonesian Government	4.2%
CaixaBank	3.3%
Banco Santander	3.2%
Republic Of Argentina (78% hedged via CDS)	3.0%
Banco Sabadell	2.7%

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

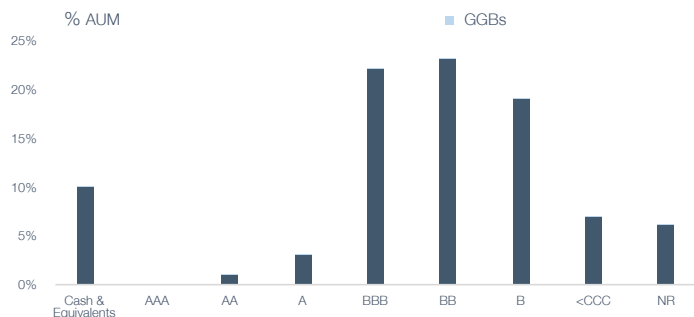


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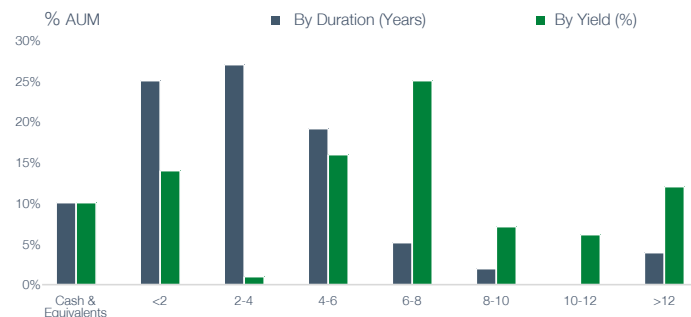
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Ratings Distribution (Bond Portfolio)



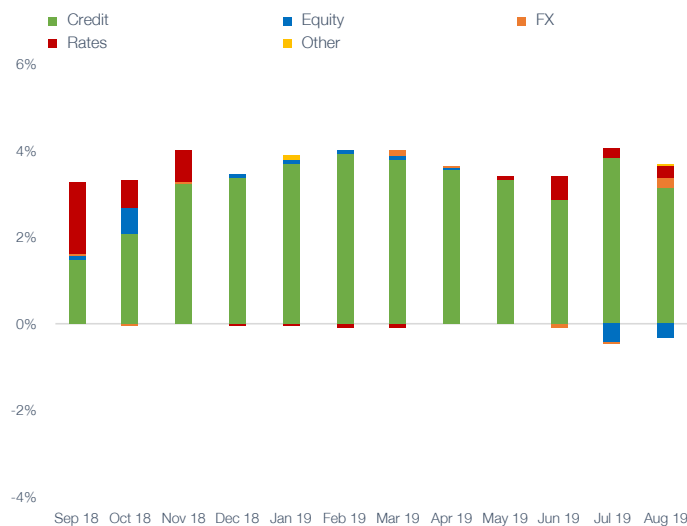
Exposure as a % of AUM. Includes long single bond positions held in cash bonds and total return swaps. GGBs – Greek Government Bonds. Ratings calculated using an internal model. Source: FIS, Bloomberg LP, Algebris (UK) Limited

Yield and Duration Distribution (Bond Portfolio)



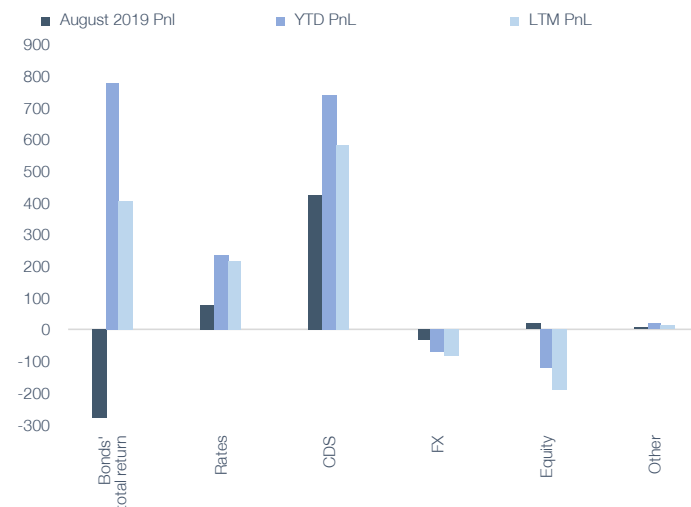
Exposure as a % of AUM. Includes long single bond positions held in cash bonds and total return swaps. Source: FIS, Bloomberg LP, Algebris (UK) Limited

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: Statpro (until 30.06.2019), FIS (from 01.07.2019), 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. Past performance is not a guarantee of future results. 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. Most recently, Algebris on-boarded a quant team that has embraced a statistical arbitrage strategy based on mean reversion. Algebris has a team of 26 investment professionals and manages EUR 10.6bn AUM (inclusive of committed capital), split between credit and equity investments (data as of 31.08.2019).

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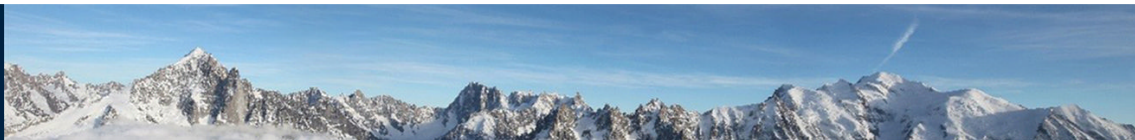
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Fund Details				
Share Classes			Identifiers	
Class	Currency	Minimum Initial Investment	ISIN	BBG ticker
I	EUR	€500,000	IE00BYT35D51	SLVBTE ID
	GBP	GBP equivalent of €500,000	IE00BYT35N59	SLVBTI ID
	USD	USD equivalent of €500,000	IE00BYT35S05	SLVBTIU ID
	CHF	CHF equivalent of €500,000	IE00BYT35Q80	SLVBTC 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. 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.

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 Zurich. 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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