This document is a supplement to the prospectus dated 1 December, 2022 (the "Prospectus") issued by Algebris UCITS Funds plc (the "Company"), forms part of the Prospectus and should be read in conjunction with the Prospectus. Investors' attention is drawn, in particular, to the risk factors contained in the section of the Prospectus entitled "Risk Factors". Investors should note that an investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. Capitalised terms shall have the same meaning herein as in the Prospectus, except where the context otherwise requires.

The Directors of the Company whose names appear in the section of this Supplement entitled "Directory" accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

ALGEBRIS UCITS FUNDS PLC

(an investment company with variable capital incorporated with limited liability in Ireland with registered number 509801 and established as an umbrella fund with segregated liability between Funds pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended)

SUPPLEMENT

ALGEBRIS CORE ITALY FUND

19 June 2023

Shares in the Fund are included among the eligible investments that shall be held in a "*Piano Individuale di Risparmio a lungo termine*" ("PIR") under the Italian Law no. 232 of 11 December, 2016, as amended from time to time (the "Italian Budget Law").

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ALGEBRIS UCITS FUNDS PLC

ALGEBRIS CORE ITALY FUND

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DEFINITIONS

"Accumulating Classes"	means Class EB EUR, Class I EUR, Class M EUR, Class R EUR, Class EB GBP, Class I GBP, Class M GBP, Class R GBP, Class EB CHF, Class I CHF, Class M CHF, Class R CHF, Class EB USD, Class I USD, Class M USD, Class R USD Class EB JPY, Class I JPY, Class M JPY and Class R JPY, Class S EUR Shares in the Fund.
"Adjusted NAV"	means each of (i) the Net Asset Value per Share of the Class I, Class R and Class S Accumulating Classes after the deduction of the Management Fee and all other payments and expenses but before the deduction of any accrued performance fee and (ii) the Net Asset Value per Share of the Class I and Class R Distributing Classes after the deduction of the Management Fee and all other payments and expenses but before the deduction of any accrued performance fee adjusted by the aggregate amount of all distributions per Share declared in respect of the relevant Distributing Class since the end of the last Performance Period on which a Performance Fee was paid.
"Benchmarks Regulation"	means Regulation (EU) 2016/1011 as may be amended, consolidated or substituted from time to time.
"Class EB"	means Class EB EUR, Class EBd EUR, Class EB GBP, Class EBd GBP, Class EB CHF, Class EBd CHF, Class EB USD, Class EBd USD, Class EB JPY and Class EBd JPY Shares in the Fund.
"Class I"	means Class I EUR, Class Id EUR, Class I GBP, Class Id GBP, Class I CHF, Class Id CHF, Class I USD, Class Id USD, Class I JPY and Class Id JPY Shares in the Fund.
"Class M"	means Class M EUR, Class Md EUR, Class M GBP, Class Md GBP, Class M CHF, Class Md CHF, Class M USD, Class Md USD, Class M JPY and Class Md JPY Shares in the Fund.
"Class R"	means Class R EUR, Class Rd EUR, Class R GBP, Class Rd GBP, Class R CHF, Class Rd CHF, Class R USD, Class Rd USD, Class R JPY and Class Rd JPY Shares in the Fund.
"Class S"	means Class S EUR Shares in the Fund.
"Distributing Classes"	means Class EBd EUR, Class Id EUR, Class Md EUR, Class Rd EUR, Class EBd GBP, Class Id GBP, Class Md GBP, Class Rd GBP, Class EBd CHF, Class Id CHF, Class Md CHF, Class Rd CHF, Class EBd USD, Class Id USD, Class Md USD, Class Rd USD, Class EBd JPY, Class Id JPY, Class Md JPY and Class Rd JPY Shares in the Fund.

"Excess Return"	means the excess (if any) of the cumulative return of the Adjusted NAV per Share of the relevant Class I, Class R and Class S Shares since the last performance fee crystallization at the end of a Performance Period over the cumulative return of the Performance Benchmark since the last performance fee crystallization, and is expressed as a per Share amount.
"Fund"	means the Algebris Core Italy Fund.
"Performance Benchmark"	means a composite of 90% FTSE Italy All Share Capped (ITLMSC) and 10% cash.
"Performance Period"	means at least a calendar year ending on 31 December of that calendar year, or, in the case of the launch of a new Share Class, that period ending on 31 December in each subsequent year.

Please also see "Dealings in the Fund" for further definitions.

MANAGEMENT AND DISTRIBUTION

The Manager shall discharge the discretionary investment management and distribution function with respect to the Fund. As stated in the Prospectus, Algebris (UK) Limited has been appointed by the Manager to act as the promoter of the Company and the investment manager of certain of the other Funds of the Company. Additionally, Algebris (UK) Limited shall also discharge the distribution function with respect to the Fund in conjunction with the Manager.

INVESTMENT OBJECTIVE AND POLICY

Investment Objective

The Fund's objective is to generate risk-adjusted returns in the medium to long-term, by investing in the listed equity and credit of companies which are either (i) resident in Italy; or (ii) resident in an EU or EEA Member State and have a permanent establishment in Italy. The Fund will seek to achieve a total return which exceeds the return of the Performance Benchmark.

Investment Policy

The Fund seeks to achieve its investment objective by investing primarily in (i) equity (e.g. ordinary shares, common stock, and equity-related securities, including American depositary receipts, warrants and rights) and (ii) debt (e.g. corporate bonds with fixed or variable interest, which may be of investment grade or below investment grade as rated by Moody's, Standard & Poor's, Fitch or other rating agencies, or unrated, contingent convertible instruments ("CoCo-Bonds"), hybrid securities (a security which combines both debt and equity characteristics), Tier 1 and upper and lower Tier 2 securities (which are forms of bank capital), trust preferred securities (a type of hybrid security), preference shares, convertible securities (e.g. convertible bonds or convertible preferred stock), other subordinated debt, as further described below, of listed companies domiciled in Italy or domiciled in other EU countries but having a permanent establishment in Italy, with a focus on small and mid-capitalisation companies (as described further below). The Fund will invest a minimum of 70% of its net assets in equity securities as further described above. The Fund may also invest in exchange traded notes ("ETNs") and exchange traded funds ("ETFs"), which provide exposure to any of the asset classes listed above, in which the Manager wishes to invest and in ancillary liquid assets, which may include bank deposits, certificates of deposit, government securities (including fixed rate government bonds), floating rate notes, money market funds and freely transferable promissory notes.

Subject and without prejudice to the investment restrictions set out in Schedule II to the Prospectus, the Fund shall invest at least 70% of its Net Asset Value (the "Required Amount") in the financial instruments mentioned above, whether or not negotiated on a regulated market or on a multilateral trading facility, issued by, or entered into with companies which are either resident in Italy or resident in a EU or EEA Member State and which have a permanent establishment in Italy (the "Italian Securities"). At least 25% of the Required Amount, which corresponds to 17.5% of the Fund's Net Asset Value, shall be invested in Italian Securities issued by companies that are not listed in the FTSE MIB index of Borsa Italiana or in any equivalent indices of other regulated markets but which (other than permitted unlisted investments) are listed or traded on one of the markets referred to in Schedule I to the Prospectus. At least an additional 5% of the Required Amount, which corresponds to 3.5% of the Fund's Net Asset Value, shall be invested in Italian Securities issued by companies that are not listed in the FTSE MIB index and FTSE Mid Cap of Borsa Italiana or in any equivalent indices of other regulated markets.

The residual part of the portfolio, up to a maximum of 30% of the Net Asset Value, shall be invested in financial instruments referred to in paragraph 1 of the investment policy and financial derivative instruments ("FDI") (as described further below) which are Italian Securities or selected on a global basis and which may be denominated in the Base Currency or in other currencies subject to any restrictions imposed on investments in such currencies as a result of sanctions, provided that such financial derivatives are used for hedging purposes.

For performance monitoring purposes, the Fund may be measured against the Performance Benchmark.

The Performance Benchmark is a composite of 90% FTSE Italy All Share Capped (ITLMSC) and 10% cash. The FTSE Italy All Share Capped (ITLMSC) comprises of all the constituents from the FTSE MIB, FTSE Italia Mid Cap and FTSE Italia Small Cap indices. It consists of stocks listed on the MTA and MIV markets of Borsa Italiana that meet minimum size and liquidity criteria.

The Fund is considered to be actively managed in reference to the Performance Benchmark by virtue of the fact that (i) the performance fee payable to the Manager is calculated based on the performance of the Fund against the Performance Benchmark; and (ii) it uses the Performance Benchmark for performance comparison purposes. However, the Performance Benchmark is not used to define the portfolio composition of the Fund and the Fund may be wholly invested in securities which are not constituents of the Performance Benchmark.

Subject and without prejudice to paragraph 2.3 of the investment restrictions set out in Schedule II to the Prospectus, the Fund cannot invest more than 10% of its Net Asset Value in financial instruments (including bank deposits or deposit certificates) issued by, or entered into with the same company, or companies belonging to the same group.

Subject and without prejudice to the investment restrictions set out in Schedule II to the Prospectus, the Fund cannot invest more than 10% in bank deposits and cannot invest more than 10% in cash accounts.

Subject and without prejudice to the investment restrictions set out in Schedule II to the Prospectus and the Central Bank's requirements in respect of Shareholder approval for material changes to the investment policy of the Fund, the exposure to equity and debt asset classes may dynamically change for tactical and strategic reasons as set out in further detail under the heading "Investment Strategy" below.

Investment Strategy

The strategy aims to take advantage of mispriced opportunities by building a diversified portfolio of equity and debt securities, predominantly in Italy across sectors and across the credit rating spectrum set out above with a risk-controlled approach which is based on the adjustment of exposure to any relevant asset class across the sectors and credit rating spectrum as disclosed herein dependent on prevailing market conditions and taking into consideration the hedging of associated risks. Additionally, the Fund cannot invest in financial instruments issued by companies resident in countries that do not allow for an adequate exchange of information with Italy. The Manager will typically seek to take positions in companies exhibiting one or more of the following characteristics: (i) change in revenue growth prospects; (ii) change in projected operating expenses; (iii) change in balance sheet quality; (iv) speculation regarding a possible sale, disposal or acquisition; (v) change in execution capability and/or strategic direction due to a change in management; (vi) change in capital discipline; (vii) change in regulation; or (viii) a change in overall risk appetite.

The construction as well as the positioning of the investment portfolio is determined by the Manager taking into consideration the prevailing market situation as well as regulatory, industry, business and other risks. The composition and diversification of the investment portfolio is based on a bottom-up credit and equity selection, involving detailed fundamental analysis of individual securities, the short and long-term economic prospects of the underlying company, as well as an assessment of the underlying company's intrinsic value. The Manager's knowledge of the Italian market, long-standing expertise in stock and bond selection in the country and expertise in scouting for undervalued opportunities and growth stories represents a substantial competitive advantage in this respect. The bottom-up methodology is combined with a macro analysis of the economic environment and an analysis of the technical flows (e.g. money flows and liquidity) across all permitted asset classes, which allows the Manager to maximise the risk diversification and liquidity of the Fund, in line with the investment restrictions detailed above and in Schedule II to the Prospectus.

The Fund may, subject to the requirements laid down by the Central Bank, enter into FDIs and invest in securities which may embed leverage and/or a derivative component for hedging (e.g. currency risk management) purposes only. The securities in which the Fund may invest for hedging purposes and which may embed leverage and/or a derivative shall include ETNs and hybrid securities, convertible securities and CoCo-Bonds. These FDI will include swaps, options, futures and forwards contracts.

Environmental, social and governance ("ESG") factors will be considered when determining the construction and the positioning of the Fund's investment portfolio. "ESG factors" refers to a set of non-financial indicators aimed at evaluating how a company's corporate governance, social and environmental policies (such as the management of CO_2 emissions or the treatment of human resources) impact financial performance. A combination of inclusive and exclusive approaches to ESG investing will be used by the Manager. An exclusive approach refers to the decision not to invest in certain sectors, companies or countries that present a high risk of non-compliance with ESG principles and policies. An inclusive strategy refers to the selection of companies that demonstrate strong compliance with ESG principles and policies compared to their competitors.

Algebris (UK) Limited became a signatory to the United Nations' Principles for Responsible Investing ("UNPRI") on 23rd July 2019. The Algebris group is taking steps to integrate certain ESG factors, such as environmental and climate change issues, into its research and investment decisions. For example, the Fund is managed in accordance with an exclusion strategy relating to companies that operate in the global coal mining or coal power generation industry. The Manager will seek to incorporate an ESG "exclusion list" to restrict investments in poorly rated ESG issuers and it will monitor and update such exclusion lists on an ongoing basis.

Long Positions
The Fund may take long positions through its direct investments. The Fund's total net long position is not expected to exceed 100 per cent of the Net Asset Value of the Fund (which such figure comprises of 100% exposure through direct investment) calculated in accordance with the commitment approach.

Short Positions
The Fund will take short positions synthetically through the use of each of the above FDI. These synthetic positions may be taken for hedging purposes only The Fund may invest up to 30 per cent of its Net Asset Value in short positions, however, the Fund will not be net short (i.e. its total short exposure will not exceed its total long exposure, calculated in accordance with the commitment approach).

The basis on which the Fund selects long or short positions will be determined from an analysis of current market conditions and the Manager's view of market prospects, for example the Fund may take the following long and/or short positions: (i) long positions via total return swaps ("TRS") and contracts for difference ("CFDs") on equity securities may be utilised for access to certain issuers and jurisdictions or short positions may be used for hedging purposes; (ii) short positions via index swaps may be used to hedge the return of an underlying index; (iii) short positions via TRS on debt and equity securities and ETFs may be utilised to hedge or protect against future declines in value of securities that the Fund owns or to protect against adverse movements in the market generally; (iv) credit default swaps ("CDS") may be purchased for hedging and to manage existing credit exposures; (v) long positions via interest rate swaps, interest rate futures and options on interest rates may be used for hedging and to manage the Fund's interest rate exposures; (vi) put options on equity securities, debt securities, ETFs, eligible indices and futures may be purchased to provide an efficient, liquid and effective mechanism, to protect against future declines in value on the securities that the Fund owns and to protect against adverse movements in the market generally; (vii) call options may be purchased to provide an efficient, liquid and effective mechanism for taking positions in securities for hedging purposes; (viii) put and call options may be sold on equity securities, debt securities, ETFs, eligible indices and futures for hedging purposes and for the reduction of risk; (ix) long or short positions via swaps and options on currencies may be used for hedging and to manage the Fund's currency exposures; (x) long or short positions via futures and forwards contracts on debt securities may be utilised to hedge credit exposures and interest rate risk; and (xi) long or short positions via forward currency exchange contracts (otherwise known as FX forward transactions) may be utilised for hedging and currency risk management.

TRS may also be used as a substitute for investing in standardised ETFs, assets classes listed in the section entitled "Investment Policy" above, futures or options contracts. TRS may only be held for the same purposes described in the paragraph above i.e. hedging purposes.

The counterparties to any TRS shall be entities which satisfy the counterparty criteria set down by the Central Bank UCITS Regulations or are otherwise permitted by the Central Bank and shall specialise in such transactions. Subject to compliance with those conditions, the Manager has full discretion as to the appointment of counterparties when entering into TRS in furtherance of the Fund's investment objective and policies. It is not possible to comprehensively list in this Supplement all the counterparties as they have not, as of the date of issue of this Supplement, been selected and they may change from time to time.

The counterparty to any TRS entered into by the Fund shall not assume any discretion over the composition or management of the investment portfolio of the Fund or of the underlying of the total return swap.

As set out above, within the limits of a hedging objective, the Fund may enter into TRS to receive the total performance of an index, individual security or a bespoke basket of securities. The TRS may be terminated by the Fund at any time at their fair value or on the occurrence of certain events with respect to either the Fund or the approved counterparty including, but not limited to, an event of default (such as a failure to pay, breach of agreement or bankruptcy) or a termination event (which is not due to the fault of either party, for example, illegality or a tax event). If the TRS are terminated, due to an event of default or termination event, a close-out amount will be determined with respect to the TRS. An amount equal to the relevant close-out amount (calculated in accordance with the terms of the TRS) or such other amount as agreed between the parties will be settled between the approved counterparty and the Fund. The TRS will at all times be valued in accordance with the provisions of the Prospectus.

The Manager may also use FDIs where practicable to hedge all non-Base Currency exposures of the Fund arising where Shares are denominated in a currency other than the Base Currency of the Fund. In addition, as the Fund's investments will be made in assets denominated in the Base Currency or other currencies, the Manager may hedge any non-Base Currency denominated holdings against the Base Currency, in order to minimise the foreign exchange ("FX") risk. The Fund may use spot and FX forward transactions for hedging and currency risk management purposes. See also the section entitled "Currency Transactions" in the Prospectus.

The use of such FDIs will result in leverage of up to 100 per cent of the Net Asset Value of the Fund under the commitment approach and be consistent with the risk profile of the Fund.

For further information on the types of FDIs that the Fund may enter into and further details as to other commercial purposes and expected effect, please see the section entitled "Investment Techniques and Instruments" below.

The Fund may enter into repurchase and reverse repurchase agreements, subject to the conditions and limits laid down by the Central Bank in the Central Bank UCITS Regulations and coherently with the investment policy of the Fund, for efficient portfolio management purposes.

The investments of the Fund described above (other than permitted unlisted investments) will be listed or traded on the markets referred to in Schedule 1 of the Prospectus.

The Fund may invest in other UCITS (other than feeder UCITS) and eligible alternative investment funds to give the Fund exposure to the asset classes set out above. These investments, which include open-ended ETFs, may not exceed 10% of the total Net Asset Value of the Fund. The underlying collective investment schemes may be leveraged.

No assurance can be given that the Fund's investment objective will be achieved.

Investors should note that an investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

Investors should note that Shares in the Fund are not bank deposits and are not insured or guaranteed by any government or any government agency or other guarantee scheme which may protect the holders of bank deposits. The value of a holding in the Fund would be expected to fluctuate more than a bank deposit.

Convertible securities

A convertible security is a security that can be converted into a predetermined amount of shares of common stock in the issuing company at certain times during its life, usually at the discretion of the bondholder. A convertible security is a security with an embedded option to exchange the bond for equity. The Fund may use convertible securities to obtain exposure to an issuer or to acquire the equity securities of such issuer consistent with the Fund's investment policies. The credit standing of the issuer and other factors such as interest rates may also affect the investment value of a convertible security. The conversion value of a convertible security is determined by the market price of the underlying equity security and therefore is exposed broadly to the same risks as that of the underlying equity security. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument.

CoCo-Bonds

CoCo-Bonds are primarily issued by financial institutions as an economically and regulatory efficient means of raising capital. They are a form of contingent hybrid securities, usually subordinated, that behave like debt securities in normal circumstances but which either convert to equity securities or have equity write down (full or partial) loss absorption mechanisms on the occurrence of a particular 'trigger' event. A write down means that some or all of the principal amount of the CoCo-Bond will be written down. The trigger events may, for example, be based on a mechanical rule (e.g. the issuer's regulatory capital ratios) or a regulatory supervisor's discretion. CoCo-Bonds are risky investments which are relatively new and complex instruments and in stressed market environment, it difficult to predict how they will perform. While CoCo-Bonds are primarily issued by financial institutions, they may be issued by different types of firms. CoCo-Bonds are a relatively new form of hybrid capital and conversion events and/or other trigger events (and other material terms) may develop over time. CoCo- Bonds invested in by the Fund may or may not embed a derivative. Please also see the risk factor entitled "Contingent Convertible Instruments" on page 48 of the Prospectus.

Hybrid Securities

Hybrid securities combine generally both debt and equity characteristics. "Equity" features contain more or less (i) no maturity; (ii) no on-going payment that could lead to default; and (iii) loss absorption in the case of a bankruptcy. The opposite can be seen as the features of "debt." Hybrid securities are instruments with potential benefits for both income-oriented investors and issuers due to the fact that the specific security can be arranged to both the issuers and the investors' interests. Securities would be treated as "hybrid" if they contain hybrid characteristics, which can be described in two ways. Firstly, securities can bear some characteristics of debt and of equity at the same time. For example, preferred stock with call options regularly has a stated maturity date (which is in contrast to the "equity"-quality) but contains features like no on-going payments and a loss absorption-tool (typical "equity"-like). Secondly, convertible securities which change from debt to equity may also bear hybrid characteristics. For example, a debt security which is convertible into an equity instrument, whether at the option of the issuer or the holder, upon occurrence of a conversion event or at a conversion date, can be said to have the characteristics of both equity and debt.

Subordinated Debt

Subordinated debt is a type of debt where express arrangements have been entered into between creditors so that such debt ranks behind other debt. Typically the Fund will hold Tier 1, Upper Tier 2 and/or Lower Tier 2 capital, which may be contractually and/or structurally subordinated to other senior debt. Subordinated debt typically has a lower credit rating, and therefore a higher yield, than senior debt.

Equity Securities

Equity securities of companies are shares. The total amount of shares represents the capital stock of the company. Based on the fact that there is a total amount of durable money invested in the business of the company, e.g. a company in the financial securities sector, a share has a certain declared face value, commonly known as the par value of a share. The par value is the minimum amount of money that a business may issue. An equity security of a company represents a fraction of ownership in the respective business of the company. Depending on the company there may be different classes of shares (e.g. ordinary shares or preference shares) each having distinctive ownership rules, privileges, or share values.

ETNs

ETNs are debt securities typically issued by banks. The Fund will typically invest in ETNs which are listed or traded on a Regulated Market. The Fund may use ETNs to obtain exposure to an eligible index, market or asset class in line with the investment policy. They are designed to track the total return of an underlying market index or other benchmark minus fees and provide investors with exposure to the total returns of various market indices, including indices linked to stocks, bonds and currencies. The value of an ETN depends on the movements of a stock index or, sometimes, an individual stock. When an investor buys an ETN, the issuer promises to pay the amount reflected in the index, minus fees upon maturity. ETNs can offer investment exposure to market sectors and asset classes that may be difficult to achieve in a cost effective way with other types of investments.

PROFILE OF A TYPICAL INVESTOR

The Fund is suitable for investors who are looking to maximise risk-adjusted returns predominantly through capital growth over the medium to long term.

BASE CURRENCY

The Base Currency of the Fund is Euro.

THE SUSTAINABLE FINANCE DISCLOSURE REGULATION

The Fund promotes environmental and/or social characteristics and does not have sustainable investment as its investment objective.

The Manager, in consultation with the Investment Manager, has categorised the Fund as meeting the provisions set out in Article 8 of Regulation (EU) 2019/2088 on sustainability related disclosures in the financial services sector ("SFDR") for products which promote environmental and/or social characteristics and invest in companies that follow good governance practices, as further described in Schedule II hereto which forms an integral part of and should be read in conjunction with this Supplement.

Integration of sustainability risks into the investment decision-making process

The Manager adopts the following strategies when integrating sustainability risks into the investment decision making process:

Issuer Exclusion lists

The investment decisions observe a number of exclusion lists as described below. They are applied at the issuer level and prevent investing in both equity and debt issued by the issuer. They are reviewed on an annual basis and positions on newly excluded issuers are exited within 30 days. The exclusion list suit comprises:

> **Fossil Fuels and their funding chain**: companies operating in the fossil fuel industry that are deemed non-investable due to their role in fossil fuel production or power generation, and investors and financers that fund a significant share of such activities.
>
> **Controversial weapons manufacturing:** Weapon manufacturers that produce or closely involved in the production of weapon systems, which often include weapons prohibited by international conventions and treaties. The list comprises Anti-personnel Landmines, Cluster Munitions, Chemical and Biological Weapons, Nuclear Weapons and certain Indiscriminate weapons (like Non-Detectable fragments, incendiary and blinding laser weapons) and includes Investors and Financers that fund such activities.

Predatory Lending: Lenders that derive any revenue from lending activities that are deemed predatory and companies that have significant ownership of such lenders. Predatory practices include payday loans, high-interest instalment loans and rent-to-own schemes.

Tobacco Investment: Tobacco producers and manufacturers, companies that derive a meaningful portion of their revenue from tobacco-related activities and companies that have significant ownership of either of the two forementioned categories. Tobacco related activities include both products and services.

UN Global Compact: companies identified as being involved in very serious violations of any of the UNGC principles. A very serious violation as the case of a company being involved in persistent UNGCrelated controversies, where the controversy is of critical severity and the company is non-reactive.

ESG Screening

The Manager monitors compliance with the social and environmental characteristics outlined above for the purposes of integrating sustainability risk into its investment –decision making process on an ongoing basis through automated controls coded into the Algebris Order Management System ("OMS"). The OMS has fully integrated pre- and post-trade controls that implement and safeguard the exclusion lists described above. Breaches are communicated systematically to the relevant teams via automated e-mail notification and they are escalated to relevant boards and committees of the Algebris group, as appropriate.

<u>Voting Policy</u>

Where the Manager is given the opportunity to exercise voting rights in relation to the positions held in the Fund, it is the policy of the Manager that these are made in the best interests of the investors after considering the long-term sustainability of the respective issuer. While abstaining can be the best option in a limited number of cases, the relevant policy in place commits the Manager to take an active role in the company's decisionmaking process, with sustainability being a prime consideration.

<u>ESG Scoring</u>

The Manager also assesses the governance practices of issuers through a variety of scores covering various aspects of firm-level governance, from a combination of external ESG data providers (such as Standard & Poors ("S&P"), Vigeo Eiris ("VE")) and/or an ESG questionnaire completed by the issuers in order to satisfy itself that the relevant issuers follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. The investment team of the Manager may also engage with investee companies about specific governance-related issues. The dedicated AI/Big Data team of the Algebris group has also developed an AI-driven controversy monitoring tool to monitor the increase of potential ESG-related controversies relating to investee names.

Assessment of the likely impact of sustainability risks on the return of financial products

Sustainability risks may adversely affect the returns of the Fund. The Manager has implemented a policy in respect of the integration of sustainability risks in its investment decision making-process. A sustainability risk is an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of an investment, and hence the Net Asset Value of the Fund.

The Fund invests primarily in the securities of Italian companies. The sustainability risks of such investments include the sustainability risks of the investments made by the Fund's investee companies as well as other sustainability risks that relate only to the Fund's investee companies themselves.

The Fund's investments are exposed to losses resulting from reputational damage an investee issuer may face for a variety of reasons, including:

- environmental, social or governance concerns in relation to the operation of the issuer
- compromise of human rights or labour rights
- breaches to intellectual property and privacy (GDPR) rights
- occupational health and safety
- gender, race and/or other non-discrimination standards
- other controversies or scandals

The Fund's investments are also exposed to the risk of losses resulting from reputational damage an investee issuer may face in connection with its lending and funding operations in the case of financial institutions, for example in connection with the following sectors:

- Greenhouse gas (GHG) and air pollutants (like SO2 and CO2 emissions)
- Mining, oil and gas extraction specific issues (like offshore drilling, Shale Oil and Gas Hydraulic Fracturing), coal extraction, dams and chemicals, including plastics
- Controversial Weapons, nuclear weapons proliferation and Defence equipment
- Agricultural, forestry and related to pulp & paper and palm oil
- Animal testing and animal welfare
- Tobacco, alcohol and addictive substances
- World Heritage sites and Ramsar wetlands
- Water use, resources and pollution
- Gambling and predatory lending

Reputational damage to an investee company may lead to a consequential fall in demand for its products or services, loss of key personnel, exclusion from potential business opportunities, increased costs of doing business and/or increased cost of capital.

In the case of investment in financial institutions, the Fund's investments are also exposed to the risk that where investee companies have provided finance to borrowers, sustainability risk events may impact the ability of such borrowers to repay their debt to investee companies.

INVESTMENT TECHNIQUES AND INSTRUMENTS

Financial Derivative Instruments

The Central Bank requires that all UCITS funds that use FDIs employ a risk management process which enables them to accurately manage, measure and monitor the various risks associated with FDIs. Any other FDI proposed to be used by the Fund which is not set out herein and not included in the risk management process will not be used until such time as this Supplement has been updated and a revised risk management process has been submitted in accordance with the requirements of the Central Bank. In relation to the use of FDIs, investors' attention is drawn to "Information on Risk Management" in the Prospectus regarding the risk management process.

The Company may employ investment techniques and instruments in accordance with the Fund's investment policy for hedging purposes only, subject to the conditions and within the limits from time to time laid down by the Central Bank. These techniques and instruments may involve the use of FDIs. FDI may be exchange traded or over-the-counter ("OTC"). The Fund may utilise, for hedging purposes only, the following FDIs: swaps, options, futures and forward contracts. The Fund may invest, for hedging purposes only, in convertible securities, CoCo-Bonds and ETNs which embed leverage or embed a derivative component. The Fund may also invest in convertible securities, Co-Co Bonds and ETNs which do not embed a derivative component.

Performance of the Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the Fund may not correspond with the securities positions held.

Swaps. The Fund may enter into swaps on debt and equity securities, ETFs, currencies and interest rates. Swap agreements are individually negotiated and can be structured to include exposure to a variety of different types of investments or market factors. A swap contract is a derivative contract between two parties to exchange a series of future cash flow obligations for a stated period of time.

CFDs. A CFD is a contract between two parties, typically described as 'buyer' and 'seller', stipulating that the seller will pay to the buyer, at the close of the contract, the difference between the reset value or initial value of the reference asset and the closing value of the reference asset.

Swap agreements and CFDs do not involve the purchase or sale of an asset, only the agreement to receive or pay the movement in its price.

TRS: TRS shall have the meaning set out in SFTR and are OTC derivative contracts whereby the Fund agrees to pay (or receive) a stream of payments based on an agreed interest rate in exchange for payments representing the total economic performance, including income from interest and fees, gains and losses from price movements and credit losses, over the life of the swap of a reference obligation to another counterparty.

CDS: The Fund may also use credit default swaps (which such term includes credit default swap indices) which reference single or multiple issuers (including both corporate and government issuers) and/or single or multiple obligations. The Fund is the buyer in a credit default swap transaction. The "buyer" in a credit default contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred. Where there is a default on the underlying reference obligation of a CDS, the "buyer" of the CDS will terminate the contract and require the "seller" to pay out in respect of same.

Options. The Fund may purchase and sell put and call exchange traded options or may enter into options traded OTC. An option contract allows the holder to buy or sell an underlying security at a given price. The Fund may purchase and sell put and call options on debt and equity securities, ETFs, eligible indices, currencies, interest rates, futures, interest rate futures for hedging purposes.

As a purchaser of put options on equity securities the Fund pays a premium to the seller of the option for the right to sell the underlying equity security to the seller at an agreed price ("Strike Price") at a particular point in time. Such an option contract is described as being "in the money" where the Strike Price of the equity security underlying the option contract is higher than the current market price and of the equity security plus premium paid.

It is the general intention that any options over ordinary equity securities purchased by the Fund which are physically settled and "in the money" would be sold or closed out on or prior to their final exercise date. However there may be circumstances in which the Fund may purchase the ordinary equity security required to physically settle an option over an ordinary equity security owned by it. It is intended that the Fund will only purchase or acquire ordinary equity securities for this purpose where (i) the option contract is in the money; (ii) the option contract is physically settled; and (iii) the Manager is satisfied that the exercise of the option in this manner is in the best interests of the Fund.

Futures. The Fund may enter into futures on debt and equity securities and interest rates. A futures contract is an agreement between two parties to buy or sell a specified quantity of the financial instrument called for in the contract at a pre-determined price in the future. Futures can be cash settled as well as physically settled.

The purchase of futures contracts can serve as a long hedge and the sale of futures contracts can serve as a limited short hedge. Futures contracts allow the Fund to hedge against market risk. Since these contracts are marked-to-market daily, the Fund can, by closing out its position, exit from its obligation to buy or sell the underlying assets prior to the contract's delivery date.

Forward contracts. The Fund may enter into forward contracts on debt and equity securities and currencies. Forward contracts are non-standardised contracts between two parties to buy or sell an asset at a specified future time at a price to be agreed at the time that contract is entered into. Forward currency exchange contracts are FDIs where the parties agree on the sale and purchase of one currency against another currency at a pre-agreed price and a specific delivery date in the future.

A list of the Regulated Markets on which the exchange traded FDIs used by the Fund may be quoted or traded is set out in Schedule I to the Prospectus.

A description of the current conditions and limits laid down by the Central Bank in relation to FDIs is set out in Schedules II and III to the Prospectus. Investors' attention is drawn to the description of the risks associated with the use of FDIs included in the section headed "Risk Factors" in the Prospectus.

Collateral Management Policy

The policy that will be applied to collateral arising from OTC derivative transactions or efficient portfolio management techniques relating to the Fund is to adhere to the requirements set out in Schedule III of the Prospectus.

This sets out the permitted types of collateral, level of collateral required and haircut policy and, in the case of cash collateral, the re-investment policy prescribed by the Central Bank pursuant to the Regulations. To the extent that the Fund receives any collateral, the categories of collateral which may be received by the Fund include cash and non-cash assets such as equities, debt securities and money market instruments. From time to time and subject to the requirements in Schedule III, the policy on levels of collateral required and haircuts may be adjusted, at the discretion of the Manager, where this is determined to be appropriate in the context of the specific counterparty, the characteristics of the asset received as collateral, market conditions or other circumstances. The haircuts applied (if any) by the Manager are adapted for each class of assets received as collateral, taking into account the characteristics of the assets such as the credit standing and/or the price volatility, as well as the outcome of any stress tests performed in accordance with the requirements in Schedule III. Each decision to apply a specific haircut, or to refrain from applying any haircut, to a certain class of assets should be justified on the basis of this policy. If cash collateral received by the Fund is re-invested, the Fund is exposed to the risk of loss on that investment. Should such a loss occur, the value of the collateral will be reduced and the Fund will have less protection if the counterparty defaults. The risks associated with the re-investment of cash collateral are substantially the same as the risks which apply to the other investments of the Fund. For further details see the section entitled "Risk Factors".

General

Direct and indirect operational costs and fees arising from the efficient portfolio management techniques may be deducted from the revenue delivered to the Fund. These costs and fees do not and should not include hidden revenue. All the revenues arising from such efficient portfolio management techniques, net of direct and indirect operational costs, will be returned to the Fund. The entities to which direct and indirect costs and fees may be paid may include banks, investment firms, broker-dealers or other financial institutions or intermediaries and may be related parties to the Company, the Manager or the Depositary. The revenues arising from such efficient portfolio management techniques for the relevant reporting period, together with the direct and indirect operational costs and fees incurred and the identity of the counterparty(ies) to these efficient portfolio management techniques (if any), will be disclosed in the annual and half-yearly reports of the Company.

Securities Financing Transactions and TRS

As set out above, the Fund may enter into repurchase agreements and reverse repurchase agreements for efficient portfolio management purposes only where the objective of using such instruments is to hedge against risk and/or to reduce costs borne by the Fund or to generate additional capital or income which is consistent with the risk profile of the Fund and the risk diversification rules set down in the Regulations.

As set out above, the Fund may also enter into TRS within the meaning of the SFTR.

All types of assets which may be held by the Fund in accordance with its investment objectives and policies may be subject to a securities financing transaction or TRS.

The maximum proportion of the Fund's assets which can be subject to securities financing transactions and/or TRS is 100% of the Net Asset Value of the Fund.
However, the expected proportion of the Fund's assets which will be subject to securities financing transactions and/or TRS is between 0% and 100% of the Net Asset Value of the Fund's assets. The proportion of the Fund's assets which are subject to securities financing transactions and/or TRS at any given time will depend on prevailing market conditions and the value of the relevant investments. The amount of assets engaged in each type of securities financing transaction and TRS, expressed as an absolute amount and as a proportion of the Fund's assets, as well as other relevant information relating to the use of securities financing transactions and/or TRS shall be disclosed in the annual report and semi- annual report of the Company.

For the purposes of the above, a TRS shall have the meaning set out in SFTR as outlined above.

Further information relating to securities financing transactions and TRS is set out in the Prospectus at the sections entitled "*Securities Financing Transactions*" and "*Total Return Swaps*".

Share Class Currency Hedging

Foreign exchange transactions may be used for Class currency hedging purposes. Where a Class of Shares is designated as a hedged Class, as stipulated in Schedule 1 hereto, that Class will be hedged against exchange rate fluctuation risks between the denominated currency of the Share Class and the Base Currency of the Fund. Such hedging strategy shall be subject to the conditions and within the limits laid down by the Central Bank and may not be implemented in the following circumstances:

(i) if the Net Asset Value of the Fund falls below a level whereby the Manager considers that it can no longer hedge the currency exposure in an effective manner;
(ii) if the FX markets are closed for business; and
(iii) where a material tolerance of the size of the hedge is applied to share class hedging to avoid unnecessary frictional trading costs.

Further information is set out in the Prospectus at the section entitled "Currency Considerations". It should be noted that the successful execution of a hedging strategy which mitigates this currency risk exactly cannot be assured.

Where a Class is unhedged, a currency conversion will take place on subscriptions, redemptions, conversions and distributions at prevailing exchange rates. In such circumstances, the value of the Share expressed in the Class currency will be subject to exchange rate risk in relation to the Base Currency and/or in relation to the designated currencies of the underlying assets.

INVESTMENT RESTRICTIONS

The Fund's investments will be limited to investments permitted by the Regulations, as set out in Schedule II to the Prospectus. If the Regulations are altered during the life of the Company, the investment restrictions may be changed to take account of any such alterations but any such changes shall be in accordance with the Central Bank's requirements and Shareholders will be advised of such changes in an updated Prospectus or a Supplement and in the next succeeding annual or half-yearly report of the Company. In the event that any alterations to the Regulations necessitate a material change in the investment policy of the Fund, such a change to the investment policy may only be made on the basis of a majority of votes cast at a general meeting or with the prior written approval of all Shareholders and a reasonable notification period shall be provided to Shareholders to enable them to redeem their Shares prior to the implementation of such a change.

The Directors may from time to time impose such further investment restrictions as shall be compatible with or in the interests of Shareholders, including in order to comply with the laws and regulations of the countries where Shareholders are located and any additional investment restrictions or limits will be set down in the "Investment Policy" section above.

The investment restrictions, as well as the policies of the Fund as to ratings of portfolio investments, will apply only at the time of purchase of the investments. If these limits are exceeded for reasons beyond the control of the Fund, the Fund shall adopt as a priority objective for its sales transactions the remedying of that situation taking account of the interests of the Fund and its Shareholders.

SHARE CLASSES

Shares are available in the different Classes of Shares as shown in the table set out at Schedule 1 hereto. The Manager may in its discretion vary the minimum initial subscription or minimum additional subscription amounts in the future and may choose to waive these criteria.

Investors should note that as at the date of this Supplement only certain Classes of Shares may currently be available for purchase at the discretion of the Directors.

Class M Shares are only available for subscription by (i) employees, members or affiliates of the Manager including, without limitation, members of the immediate families of such persons, and trusts or other entities for their benefit; and (ii) other investors who have agreed separate fee arrangements with the Manager. Class M Shares are not subject to a performance fee or management fee, and are not subject to minimum initial or additional subscription amounts.

Class EB Shares are only available for subscription with the prior approval of the Manager and the Manager may refuse to accept new subscriptions for Class EB Shares at its sole and absolute discretion.

The Shares are included among the eligible investments that shall be held in a PIR under the Italian Budget Law and are therefore only available for subscriptions by persons who have established a PIR.

Under the Italian Budget law a PIR may only be opened by individuals resident in the territory of Italy who do not subscribe via the framework of an enterprise business. In accordance with the Italian Budget Law, a PIR held by a single investor may not exceed in aggregate €30,000 per calendar year and may not exceed the total amount of €150,000.

Shares in the Fund are included among the eligible investments that shall be held in a PIR under the Italian Budget Law. Accordingly, the investor can avail of the tax benefits envisaged by the Italian Budget Law only if all of requirements provided set out in the Italian Budget Law are satisfied.

Please note that you are recommended to seek professional advice from your financial, legal and tax advisors in this respect. For the avoidance of any doubt, the Fund will not provide any such advice and will accept no liability in relation thereto.

DIVIDENDS

The Fund's net income attributable to the Distributing Classes shall be distributed to the Shareholders in accordance with the Fund's distribution policy set out in the "Dividends" section hereof. The Fund's net income attributable to the Accumulating Classes shall be re-invested in the capital of the Fund.

The Directors are permitted to declare distributions in respect of any Class of Shares. Distributions may not be payable for all Classes of Shares. For the Distributing Classes, the current distribution policy is to distribute net income (consisting of revenue, including any accrued interest and dividends less expenses). As a result, a distribution may include accrued revenue which may subsequently never be received. The amount of the net income to be distributed is determined at the discretion of the Directors in accordance with Articles and the Directors will also determine what proportion of the Fund's expenses may be charged against the income to arrive at the net income figure. For the avoidance of doubt net income excludes any realised and unrealised capital gains and losses incurred during a relevant period. Shareholders should also be aware that in maintaining a regular dividend payment, at times dividends may be paid out of the capital of the Fund in addition to or in the absence of net income. Accordingly, notwithstanding the intention to distribute net income, distributions may also be paid out of capital. In respect of each dividend declared, the Directors may determine if, and to what extent, such dividend is to be paid out of the capital of the Fund. Distributions made during the life of the Fund should be understood to be a type of capital reimbursement.

The Fund expects to receive periodic interest and dividend payments from the assets it invests in and these interest payments and dividend payments will be accrued (as accrued revenue), in accordance with IFRS, in the Net Asset Value of the Fund. The Fund, in order to provide a regular and consistent income stream to its Shareholders, will generally declare a distribution quarterly on the following approximate dates: 1 January, 1 April, 1 July and 1 October. In the event that the accrued revenue is unrealised (i.e. the Fund has not yet received the revenue), on the date a distribution is declared, the distribution of net income will be made out of the capital of the Fund. For the avoidance of doubt, the Fund shall be permitted to make a distribution of net income (including unrealised accrued revenue) even in the event that the Fund has made a capital loss in relevant period and such distribution will be made out of the capital of the Fund. The Fund may make distributions out of capital in other circumstances, at the discretion of the Directors.

As distributions may be made out of the capital of the Fund, there is a greater risk that capital will be eroded and 'income' will be achieved by foregoing the potential for future capital growth of your investment and the value of future returns may also be diminished. This cycle may continue until all capital is depleted.

Please note that distributions out of capital may have different tax implications to distributions of income and you are recommended to seek advice in this regard.

The Fund's net income attributable to the Accumulating Classes shall be re-invested in the capital of the Fund.

For further information, investors' attention is drawn to the section of the Prospectus entitled "Dividend Policy".

SUBSCRIPTIONS AND REDEMPTIONS

The minimum initial subscription amounts and minimum additional subscription amounts are set out in Schedule I hereto.

Please see the section in the Prospectus entitled "Administration of the Company" for further information on subscriptions and redemptions.

Dilution Adjustment

A dilution adjustment of up to 1.50% of the Net Asset Value per Share may be payable on net subscriptions for Shares and net redemptions of Shares as determined by the Manager. Please see the section headed "Dilution Adjustment" in the Prospectus for further information.

The Initial Offer Period is set out in Schedule I hereto.

DEALINGS IN THE FUND

"Trade Cut-off Time for Subscriptions"	12 noon (Irish time) on the last Business Day prior to a Dealing Day.
"Trade Cut-off Time for Redemptions"	12 noon (Irish time) on the last Business Day prior to a Dealing Day.
"Business Day"	means, unless otherwise determined by the Directors and notified in advance to Shareholders, a day on which retail banks are open for business in Ireland and the United Kingdom.
"Dealing Day"	means every Business Day or such other days as the Directors may determine and notify in advance to Shareholders, and provided that there shall be at least one Dealing Day each fortnight.
"Valuation Day"	means, unless otherwise determined by the Directors and notified in advance to Shareholders, every Business Day.

"Valuation Point"	means 5.30 pm (New York time) on the Valuation Day.
"Settlement Time (for subscriptions)"	within 3 Business Days following the relevant Dealing Day.
"Settlement Time (for redemptions)"	within 3 Business Days following the relevant Dealing Day.

Unless a Class of Shares is otherwise closed to new subscriptions by the Directors, Shares shall be issued on the relevant Dealing Day. In respect of the Fund, dealing requests received subsequent to the relevant Trade Cut-Off Time shall be effective on the next applicable Dealing Day (e.g. if a subscription or redemption request is received at 12:01 pm on Monday, presuming it is a Business Day, it shall be effective on Wednesday, presuming that both Tuesday and Wednesday are Dealing Days).

FEES AND EXPENSES

Investors' attention is drawn to the section of the Prospectus entitled "Fees and Expenses".

Initial Sales Charge

An initial sales charge of up to 3% of the amount subscribed shall be payable in respect of subscriptions for all Class R and Class S Shares. There shall be no initial sales charge for the Class EB, Class I Shares, and Class M Shares. Any such sales charge may be payable to the relevant distributors. In addition, the distributors may, in their sole discretion, waive payment of the initial sales charge or reduce the initial sales charge payable by a subscriber for Class R and Class S Shares.

In addition to the sales charge described above, a local paying agent or local representative may charge customer service fees in connection with subscribed/redeemed Shares.

Redemption Charge

No redemption charge will be payable on redemptions with respect to any Class of Shares.

The following fees will be borne by the Fund:

Fee Payable to the Manager

Management Fee

The Manager shall be entitled to receive an investment management fee (the "Management Fee") from the Company in respect of the Fund equal to 0.50% per annum of the Net Asset Value of the Class EB Shares, 0.75% per annum of the Net Asset Value of the Class I Shares, 1.50% per annum of the Net Asset Value of the Class R Shares and 1.90% per annum of the Net Asset Value of the Class S Shares.

The Management Fee shall be (i) calculated and accrued daily; and (ii) calculated by reference to the Net Asset Value of the relevant Shares before the deduction of that day's Management Fee and accrued performance fee. The Management Fee is normally payable in arrears within 14 days' of the end of the relevant month end.

No Management Fee shall be payable in respect of Class M Shares.

In addition, the Manager shall be entitled to be reimbursed its reasonably vouched out-of- pocket expenses incurred with respect to the Company and the Fund. The Fund shall bear its pro-rata share of out-of-pocket expenses incurred with respect to the Company as a whole.

Performance Fee

The Initial Offer Price is taken as the starting price for the calculation of the performance fee.

The performance fee is equal to 15% of the Excess Return (if any) of the relevant Class I, Class R and Class S Shares. For the avoidance of doubt, a performance fee can crystallize when the cumulative Adjusted NAV return (the "**NAV Return**") is negative but higher than the cumulative return of the Performance Benchmark (the "**Index Return**") since the last performance fee crystallisation. Any underperformance against the Performance Benchmark in a given Performance Period will be cleared before any Performance Fee becomes payable in the following Performance Period.

The performance fee (if any) will accrue daily. The amount accrued on each day will be determined by calculating the performance fee that would be payable if that day was the last day of the current Performance Period. The performance fee will crystallise as at end of the Performance Period in each year and shall be payable by the Fund to the Manager annually in arrears and shall be paid normally within 14 calendar days of the end of each Performance Period.

The performance fee, if any, is calculated on the Adjusted NAV at the end of each Performance Period (with respect to the Class I, Class R and Class S Share Classes) and, for the avoidance of doubt, the net realised and unrealised gains and losses. As a result, a performance fee may be paid on unrealised gains which may subsequently never be realised. There is no repayment of any performance fee already paid if the Adjusted NAV per Share subsequently falls back below the value of the Adjusted NAV per Share at the previous crystallization date, even if an investor redeems its holding.

The calculation of the performance fee shall be verified by the Depositary and shall not be open to the possibility of manipulation. The Performance Benchmark is consistent with the investment policy of the Fund.

Performance Fee Example

This example deals with accrual and payment of the performance fee for the Fund under different performance scenarios.

Any reference to the NAV Return in the examples below, including for the purpose of calculating the Excess Return, is after the deduction of the Management Fee and all other payments and expenses but before the deduction of any accrued Performance Fee provided that in doing so it is in the best interest of investors.

Example 1:

Performance Fee: 15%

Scenario:	NAV Return increases during a Performance Period by a lesser amount than the increase of the Index Return over the same period. The scenario assumes no subscription/redemption activities for the period.
Result:	No Performance fee is paid during the Performance Period.
Detail:	In this scenario, a performance fee is not payable because the Index Return has risen by a greater amount than the NAV Return.
Example:	In Year 1 the NAV return is 3% and the Adjusted NAV increases from €100 to €103. The Index Return is 5% over the same time and increases from €100 to €105. Since the NAV return is lower than the Index Return, the "Excess Return" is 0. The Performance fee payable at the end of the Performance Period is therefore also 0.

Example 2:

Performance Fee:	15%
Scenario:	NAV Return increases during the Performance Period by a greater amount than the increase of the Index Return over the same period. The scenario assumes no subscription/redemption activities for the period and no prior period losses.
Result:	Performance fee is paid at the end of the Performance Period.
Detail:	In this scenario, a performance fee is payable because the NAV Return has risen by a greater amount than the Index Return.
Example:	In Year 1 the NAV return is 5% and the Adjusted NAV increases from €100 to €105. The Index Return is 3% over the same time and increases from €100 to €103. The difference between the NAV Return and Index Return is 2%. This is referred to as the "Excess Return", which is expressed in per Share terms as €2 The performance fee payable at the end of the Performance Period is equal to 15% (Fee Rate) of the Excess Return of €2 multiplied by the Shares in issue of the relevant Share Classes.

Example 3:

Performance Fee:	15%
Scenario:	NAV Return increases during the Performance Period by a greater amount than the increase of the Index Return over the same period. The Fund has prior period losses that need to be considered in the calculation. The scenario assumes no subscription/redemption activities for the period.

Result: Performance fee is paid at the end of the Performance Period once all prior period losses against the Performance Benchmark have been recovered.

Detail: In this scenario, a performance fee becomes payable only when the cumulative NAV Return is greater than the cumulative Index Return since the last performance fee crystallization.

Example: In Year 1 the NAV Return is 3%, and the Adjusted NAV increases from €100 to €103. The Index Return over the same time is 5% and increases from €100 to €105, therefore no Performance fee is recognised in Year 1 as per Example 1.

In Year 2 the NAV Return is 5%, and the Adjusted NAV increases from €103 to €108.15. The Index Return is 1% and the Index increases from €105 to €106.05. Therefore the cumulative NAV Return at the end of Year 2 is 8.15%, and the cumulative Index Return is 6.05%

The difference between the cumulative NAV Return and cumulative Index Return is 2.10%.This is referred to as the "Excess Return", which is expressed in per Share terms as €2.10.

The Performance fee payable at the end of the Performance Period is equal to 15% (Fee Rate) of the Excess Return of €2.10 multiplied by the Shares in issue of the relevant Share Classes.

Example 4:

Performance Fee: 15%

Scenario: NAV Return decreases during the Performance Period by a lesser amount than the decrease in the Index Return over the same period. The scenario assumes no subscription/redemption activities for the period and no prior period losses.

Result: Performance fee is paid at the end of the Performance Period.

Detail: In this scenario, the NAV Return has outperformed the Index Return even though the Fund performance is negative. This outperformance would result in a performance fee being crystallised at the end of the Performance Period.

Example: In Year 1 the NAV return is -2%, and the Adjusted NAV decreases from €100 to €98. The Index Return is -4% over the same time and decreases from €100 to €96.

The difference between the NAV Return and Index Return is 2%. This is referred to as the "Excess Return", which is expressed in per Share terms as €2.

The Performance fee payable at the end of the Performance Period is equal to 15% (Fee Rate) of the Excess Return of €2 multiplied by the Shares in issue of the relevant Share Classes.

Example 5:

Performance Fee: 15%

Scenario:	The NAV Return increases during the Performance Period by a greater amount than the increase in the Index Return over the same period. A distribution is made during the Performance Period. The scenario assumes no subscription/redemption activities for the period and no prior period losses.
Result:	Performance fee is paid at the end of the Performance Period.
Detail:	In this scenario, the distribution is considered as part of the NAV Return. Therefore, the NAV Return has outperformed the Index Return. This outperformance would result in a performance fee being crystallised at the end of the Performance Period.
Example:	In Year 1 the NAV at the start and end of the period is €100. A distribution of €1 per Share is made from the Share Class during the Performance Period. Therefore, the Adjusted NAV increases from €100 to €101. The Index Return is 0% over the same time and the Performance Benchmark remains unchanged at €100. The difference between the NAV Return and Index Return is 1%. This is referred to as the "Excess Return", which is expressed in per Share terms as €1. The Performance fee payable at the end of the Performance Period is equal to 15% (Fee Rate) of the Excess Return of €1 multiplied by the Shares in issue of the relevant Share Classes.

Past Performance of Performance Benchmark

Information with respect to the past performance of the Performance Benchmark is available at www.borsaitaliana.it. As the Fund applies a Performance Fee which is based on the outperformance of the Performance Benchmark, the past performance of the Fund or a Share Class (once available) as against the Performance Benchmark will be disclosed within the relevant KIIDS, which are available on the website of the Manager (http://www.algebris.com/).

Deemed End of Performance Period

Class I Shares, Class R Shares and Class S Shares redeemed other than at the end of a Performance Period will be treated as if the date of redemption was the end of the Performance Period and the above provisions shall apply.

If the Management Agreement is terminated other than at the end of a Performance Period, the date of termination will be deemed to be the end of the Performance Period and the above provisions shall apply. Any performance fee payable to the Manager shall be paid as soon as reasonably practicable after the date of termination.

Performance Fee – No Equalisation

The methodology used in calculating the performance fees in respect of the Class I Shares, Class R Shares and Class S Shares may result in inequalities between investors in relation to the payment of performance fees (with some investors paying disproportionately higher performance fees in certain circumstances) and may also result in certain investors having more of their capital at risk at any time than others as no equalisation methodology is employed in respect of the performance fee calculation.

Performance Fees – Negative Performance

There may be circumstances where Performance Fees accrue despite the Fund being in negative performance during the Performance Period. This may arise in circumstances where the Fund has outperformed the Performance Benchmark however still has an overall negative performance during the Performance Period.

Application of the Benchmarks Regulation

As a result of its use of the Performance Benchmark for calculating the performance fee as set out above, the Fund shall be subject to the requirements of the Benchmarks Regulation.

The Company is required under the Benchmarks Regulation to use only benchmarks which are provided by authorised benchmark administrators that are present in the register of administrators maintained by ESMA pursuant to Article 36 of the Benchmarks Regulation. In this regard, the benchmark administrator, namely FTSE International Limited appears on the register of administrators and benchmarks maintained by ESMA.

As further required under the Benchmarks Regulation, the Company has put in place appropriate contingency arrangements setting out the actions which will be taken in the event that the Performance Benchmark materially changes or ceases to be provided. A copy of the Company's policy on cessation or material change to a benchmark is available upon request from the Company.

Class EB and Class M Shares

No performance fees shall be payable in respect of Class EB and Class M Shares.

Depositary's Fee

The Depositary shall be entitled to receive out of the assets of the Fund a fee, accrued and calculated daily and payable monthly in arrears, at a rate of 0.01% per annum of the Fund's Net Asset Value subject to a minimum annual fee of €600,000 at the level of the Company (to include administration and depositary services).

The Depositary shall also be entitled to receive transaction charges and all sub-custodian charges will be recovered by the Depositary from the Company out of the assets of the Fund as they are incurred by the relevant sub-custodians. All such charges shall be charged at normal commercial rates. The Depositary is also entitled to reimbursement for its reasonable vouched out-of-pocket expenses.

Administrator's Fee

The Administrator shall be entitled to receive out of the assets of the Fund a fee, accrued and calculated daily and payable monthly in arrears, at a rate of up to 0.035% per annum of the Fund's Net Asset Value for the first €200 million, 0.03% per annum of the Fund's Net Asset Value between €200 million and €500 million, 0.02% per annum of the Fund's Net Asset Value above €500 million subject to a minimum annual fee of €600,000 at the level of the Company.

In addition, the Company shall pay out of the assets of the Fund its portion of the Administrator's annual financial statement preparation fee of €5,000 (at the level of the Company) and €1,000 per annum (per Fund) for the preparation of financial statements for the Company and a preparation fee of €3,000 per annum (at Company level) and €750 per annum (per Fund) for the semi-annual financial statement. In addition, the Administrator shall be entitled to be reimbursed for its reasonable vouched out-of-pocket expenses, transaction and account fees.

Establishment Costs

The costs of establishing the Fund are not expected to exceed €100,000 and will be amortised over the first five years of the Fund.

Class I Shares and Class EB Shares are available to those financial intermediaries providing independent investment advisory services or discretionary investment management as defined in MiFID II and those financial intermediaries providing non-independent investment services and activities who have separate fee arrangements with their clients under which they have agreed not to receive and retain inducements. Such Classes shall be referred to in the tables in Schedule I of this Supplement as “Clean” Classes.

RISK FACTORS

The attention of investors is drawn to the section headed “Risk Factors” in the Prospectus and to the following additional risks relating to the Fund:

TRS and Credit Risk

The return payable under TRS with an approved counterparty is subject to the credit risk of the approved counterparty. In addition, the approved counterparty will act as the calculation agent under the TRS (the "Calculation Agent"). Shareholders should note that not only will they be exposed to the credit risk of the approved counterparty but also potential conflicts of interest in the performance of the function of Calculation Agent by the approved counterparty. The approved counterparty undertakes to use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the interests of the Fund and the Shareholders are not unfairly prejudiced. The Manager believes that the approved counterparty is suitable and competent to perform such functions. In addition the valuations provided by the approved counterparty in its role as Calculation Agent will be verified at least weekly by a party independent of the approved counterparty who shall either be the Administrator, or sourced by the Administrator, as appropriate, and who has been approved for such purpose by the Depository.

SCHEDULE I

Classes of Shares

Algebris Core Italy Fund – Fund denomination – EURO								
Share Class	**Class Currency**	**Hedged currency class**	**Initial Offer Price**	**Minimum initial subscription**	**Minimum additional subscription**	**Management Fee**	**Initial Offer Period Status***	**Distribution Status**
Class EB EUR (Clean)	EUR	No	EUR 100	€500	€500	0.50%	Funded	Accumulating
Class EBd EUR (Clean)	EUR	No	EUR 100	€500	€500	0.50%	Extended	Distributing
Class EB GBP (Clean)	GBP	Yes	GBP 100	GBP equivalent of €500	GBP equivalent of €500	0.50%	Extended	Accumulating
Class EBd GBP (Clean)	GBP	Yes	GBP 100	GBP equivalent of €500	GBP equivalent of €500	0.50%	Extended	Distributing
Class EB CHF (Clean)	CHF	Yes	CHF 100	CHF equivalent of €500	CHF equivalent of €500	0.50%	Extended	Accumulating
Class EBd CHF (Clean)	CHF	Yes	CHF 100	CHF equivalent of €500	CHF equivalent of €500	0.50%	Extended	Distributing
Class EB USD (Clean)	USD	Yes	USD 100	USD equivalent of €500	USD equivalent of €500	0.50%	Extended	Accumulating
Class EBd USD (Clean)	USD	Yes	USD 100	USD equivalent of €500	USD equivalent of €500	0.50%	Extended	Distributing
Class EB JPY (Clean)	JPY	Yes	JPY 100	JPY equivalent of €500	JPY equivalent of €500	0.50%	Extended	Accumulating
Class EBd JPY (Clean)	JPY	Yes	JPY 100	JPY equivalent of €500	JPY equivalent of €500	0.50%	Extended	Distributing
Class I EUR (Clean)	EUR	No	EUR 100	€500,000	€5,000	0.75%	Funded	Accumulating

Class Id EUR (Clean)	EUR	No	EUR 100	€500,000	€5,000	0.75%	Extended	Distributing
Class I GBP (Clean)	GBP	Yes	GBP 100	GBP equivalent of €500,000	GBP equivalent of €5,000	0.75%	Extended	Accumulating
Class Id GBP (Clean)	GBP	Yes	GBP 100	GBP equivalent of €500,000	GBP equivalent of €5,000	0.75%	Extended	Distributing
Class I CHF (Clean)	CHF	Yes	CHF 100	CHF equivalent of €500,000	CHF equivalent of €5,000	0.75%	Extended	Accumulating
Class Id CHF (Clean)	CHF	Yes	CHF 100	CHF equivalent of €500,000	CHF equivalent of €5,000	0.75%	Extended	Distributing
Class I USD (Clean)	USD	Yes	USD 100	USD equivalent of €500,000	USD equivalent of €5,000	0.75%	Extended	Accumulating
Class Id USD (Clean)	USD	Yes	USD 100	USD equivalent of €500,000	USD equivalent of €5,000	0.75%	Extended	Distributing
Class I JPY (Clean)	JPY	Yes	JPY 100	JPY equivalent of €500,000	JPY equivalent of €5,000	0.75%	Extended	Accumulating
Class Id JPY (Clean)	JPY	Yes	JPY 100	JPY equivalent of €500,000	JPY equivalent of €5,000	0.75%	Extended	Distributing
Class M EUR	EUR	No	EUR 100	N/A	N/A	N/A	Funded	Accumulating
Class Md EUR	EUR	No	EUR 100	N/A	N/A	N/A	Extended	Distributing
Class M GBP	GBP	Yes	GBP 100	N/A	N/A	N/A	Funded	Accumulating
Class Md GBP	GBP	Yes	GBP 100	N/A	N/A	N/A	Extended	Distributing
Class M CHF	CHF	Yes	CHF 100	N/A	N/A	N/A	Extended	Accumulating
Class Md CHF	CHF	Yes	CHF 100	N/A	N/A	N/A	Extended	Distributing
Class M USD	USD	Yes	USD 100	N/A	N/A	N/A	Funded	Accumulating

Class Md USD	USD	Yes	USD 100	N/A	N/A	N/A	Extended	Distributing
Class M JPY	JPY	Yes	JPY 100	N/A	N/A	N/A	Extended	Accumulating
Class Md JPY	JPY	Yes	JPY 100	N/A	N/A	N/A	Extended	Distributing
Class R EUR	EUR	No	EUR 100	€500	€500	1.50%	Funded	Accumulating
Class Rd EUR	EUR	No	EUR 100	€500	€500	1.50%	Funded	Distributing
Class R GBP	GBP	Yes	GBP 100	GBP equivalent of €500	GBP equivalent of €500	1.50%	Extended	Accumulating
Class Rd GBP	GBP	Yes	GBP 100	GBP equivalent of €500	GBP equivalent of €500	1.50%	Extended	Distributing
Class R CHF	CHF	Yes	CHF 100	CHF equivalent of €500	CHF equivalent of €500	1.50%	Extended	Accumulating
Class Rd CHF	CHF	Yes	CHF 100	CHF equivalent of €500	CHF equivalent of €500	1.50%	Extended	Distributing
Class R USD	USD	Yes	USD 100	USD equivalent of €500	USD equivalent of €500	1.50%	Funded	Accumulating
Class Rd USD	USD	Yes	USD 100	USD equivalent of €500	USD equivalent of €500	1.50%	Extended	Distributing
Class R JPY	JPY	Yes	JPY 100	JPY equivalent of €500	JPY equivalent of €500	1.50%	Extended	Accumulating
Class Rd JPY	JPY	Yes	JPY 100	JPY equivalent of €500	JPY equivalent of €500	1.50%	Extended	Distributing
Class S EUR	EUR	No	EUR 100	€500	€500	1.90%	New	Accumulating

Initial Offer Period Shares

*This column specifies “New” where a Class is being offered for the first time, “Funded” where a Class is in issue, “Extended” where a Class has been offered, the Initial Offer Period has commenced and is continuing but no Shares are in issue.

For all Classes of Shares identified as “New”, the Initial Offer Period is from 9.00 a.m. (Irish time) on 29 November 2022 until 5.30 p.m. (Irish time) on 29 May 2023, or such other dates as the Directors may determine and notify to the Central Bank.

For all Classes of Shares identified as “Extended”, the Initial Offer Period shall continue until 5.30 p.m. (Irish time) on 1 June 2023 or such other dates as the Directors may determine and notify to the Central Bank.

SCHEDULE II

Product name: Algebris Core Italy Fund (the Fund)

Legal entity identifier: 549300102BYRR9QFSJ68

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?

☐ Yes	☒ No
☐ It will make a minimum of **stainable investments with an environmental objective**: ___%	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of _% of sustainable investments
☐ in economic activities that qualify as the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
☐ It will make a minimum of **sustainable investments with a social objective:**_%	☐ with a social objective
	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Fund are:

1. Prevention of predatory lending practices
2. Pollution prevention and control
3. Human rights
4. Labour relations

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The Investment Manager will use the following sustainability indicators to measure the attainment of the environmental and social characteristics promoted by the Fund. Where relevant, the data for assessing the below indicators is sourced from third-party ESG data providers (the **Data Providers**) and internal research.

Key ESG concerns

Characteristic 1: Predatory lending practices

- **Indicator: the share of revenues derived from predatory lending activities.**

Characteristic 2: Pollution prevention and control

- **Indicator: amount of air pollutants** in proportion to company revenue and/or the **amount** of **inorganic pollutants** in proportion to company revenues.

Characteristic 3: Human rights

- **Indicator: the share of investments in companies involved in very serious violations of human rights under the United Nations Global Compact (UNGC).** For the purpose of this indicator, the Investment Manager defines a very serious violation as the case of a company being: (a) involved in persistent UNGC-related controversies; (b) where the controversy is of critical severity; and (c) where the company is non-reactive. The existence of human rights policies and commitments at the individual investee level is also monitored in the context of measuring the attainment of targets monitored

- **Indicator: the existence of Human Rights commitments, policies and procedures at the individual investee level.**

Characteristic 4: Labour relations

- **Indicator: the share of investments in companies involved in <u>very serious violations</u> of labour rights under the UNGC.** For the purpose of this indicator, the Investment Manager defines a very serious violation as the case of a company being: (a) involved in persistent UNGC-related controversies; (b) where the controversy is of critical severity; and (c) where the company is non-reactive. The existence of Human Rights Policies and Commitments at the individual investee level is also monitored in the context of measuring the attainment of targets monitored.

- **Indicator: the evolution at portfolio level of an aggregate labour practice score.** The score reflects the investees' gender balance; gender pay ratio; performance in terms of preventing discrimination and harassment; freedom of association; ethnic diversity.

<u>Exclusion policies</u>

- **Indicator: any holdings (0%) of the Fund comprising issuers on the exclusion lists.**

<u>Voting policy and engagement</u>

- **Indicator:** the % of meetings voted; the % of shareholders' resolutions voted against; the % of shareholders' resolutions voted in favour; the number of ESG-related engagements with investees.

<u>ESG screening</u>

- **Indicator: the evolution at portfolio level of a global ESG score, as well as of individual E, S, and G scores.**

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

N/A

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

N/A

How have the indicators for adverse impacts on sustainability factors been taken into account?

N/A

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

N/A

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

☒ Yes, the Investment Manager considers the principal adverse impacts (**PAI**) of the Fund’s investments on sustainability factors: (i) prior to and at the point of investment, by conducting (to the extent possible) due diligence on any proposed investments, with at a minimum the application of ESG exclusion polices; and (ii) on an ongoing basis by monitoring the investments against any applicable mandatory and additional PAI indicators. More information is available in the periodic reporting pursuant to Article 11(2) of the SFDR.

The **climate and other environmental** related PAI indicators considered by the Investment Manager in respect to all investee companies are:

- GHG emissions;
- carbon footprint;
- GHG intensity of investee companies;
- exposure to companies active in the fossil fuel sector;
- share of non-renewable energy consumption and production;
- energy consumption intensity per high impact climate sector;
- activities negatively affecting biodiversity-sensitive areas;
- emissions to water;
- hazardous waste ratio; and
- investments in companies without carbon emission reduction initiatives.

The **social and employee, respect for human rights, anti-corruption and anti-bribery** related PAI indicators considered by the Investment Manager in respect to all investee companies are:

- violations of UNGC principles and OECD guidelines for multinational enterprise;
- lack of processes and companies mechanisms to monitor companies with UNGC principles and OECD guidelines for multinational enterprise;
- unadjusted gender pay gap;
- board gender diversity;
- exposure to controversial weapons; and
- lack of anti-corruption and anti-bribery policies.

☐ No

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment objective, investment policy and investment strategy of the Fund is detailed in the Supplement for this Fund and should be read in conjunction with and in the context of this Annex.

In addition, in the context of its promotion of environmental and social characteristics, the Investment Manager mainly relies on a combination of the following approaches to responsible investment:

(1) **Key ESG concerns:** the Fund aims to facilitate and accelerate the transition towards a greener and more sustainable economy by investing in companies that are considered acceptable by reference to the environmental and social characteristics the Fund promotes.

(2) **Exclusion polices:** the Fund applies exclusion policies to provide reasonable comfort that the Fund does not make or hold investments in industries, market segments and companies considered to have particularly harmful or controversial practices from an environmental or social perspective.

(3) **Voting Policy and engagement:** Where the Investment Manager is given the opportunity to exercise voting rights in relation to the positions held by the Fund, these are made in the best interests of the investors in the Fund after considering the long-term sustainability of the respective issuer. While abstaining can be the best option in a limited number of cases, the voting policy applicable to the Investment Manager commits it to take an active role, with sustainability being a prime consideration.

When deciding how to exercise voting rights attached to the investments made by the Fund, the Investment Manager will consider voting decisions on a case by-case basis taking into account: (i) the likely effect on the performance of the Fund's investments; and also (ii) the long-term sustainability considerations of the issuer.

The Investment Manager is a supporter of the Say on Climate Initiative – Shareholder Voting on Climate Transition Action Plans (a shareholder voting initiative to encourage companies to publish annual disclosures of emissions and to adopt a plan to manage these emissions) ("**Say on Climate**"). Where companies will not do so voluntarily, the Investment Manager has formally stated in its voting policy that it will vote for and/or file annual general meeting (AGM) resolutions (whenever it has voting rights, and sufficient votes) requiring such a vote that furthers the aims of Say on Climate.

On engagement more broadly, the Investment Manager also holds an ongoing dialogue with investee companies. This is typically done in the form of calls and meetings with management, following publication of banks' periodic results or upon presentation of their industrial plans. This direct engagement also spans ESG-relevant themes (e.g. ESG disclosures; climate transition plans; net zero targets). The Investment Manager also actively participates in several investor collective engagement initiatives (such as the Non-Disclosure Campaign led by the Carbon Disclosure Project (CDP)) and may engage with investee companies as part of these initiatives.

(4) **United Nations Global Compact screening:** the Investment Manager applies screening that evaluates the alignment of investee companies with the 10 Principles of the UNGC. This will exclude investments in companies that are identified as exhibiting a poor performance in business areas relevant to the UNGC principles. In addition, companies whose performance is significantly below average (but above the threshold for immediate exclusion) will be placed on a watchlist.

(5) **ESG screening:** a negative screening process which excludes certain securities form the investment universe by virtue of ethical, environmental, and other noneconomic factors, or a positive screening which includes certain securities and norm-based screening aligned with the 10 UNGC Principles. The Fund is subject to ESG screening, which evaluates the ESG credentials of investees. This assessment is based on data from third-party ESG data providers (the "**Data Providers**") and internal research.

These principles are integrated, on a best-efforts basis, into the investment controls where possible and reviewed on a regular basis by the Investment Manager. Where any of the requirements are not met, the Investment Manager will determine how best to liquidate the position(s), if appropriate, or take action to remediate the situation through active engagement with the issuer. The Investment Manager will abstain from investing in similar investments until the identified issue is resolved and the relevant position is no longer considered in breach of the Fund's sustainability criteria detailed above.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

In order to attain the environmental and/or social characteristics promoted, the Investment Manager applies the following binding criteria to the selection of underlying assets as part of its investment decision making process:

(1) <u>Key ESG Concerns</u>:

a. No investment is allowed in companies that derive any revenues from predatory lending activities; and/or companies that have significant ownership in entities excluded under this rule.

b. No investment is allowed in companies that derive more than 5% of their revenues from coal mining and/or coal power generation; and/or derive more than 10% of their revenues from thermal coal power generation; and/or in companies that have a significant ownership in the entities excluded under this rule. No investment is allowed in debt or equity issued by the top global coal shareholders, bondholders, and lenders as defined in the Investment Manager's exclusion policies and procedures.

c. No investment is allowed in companies that derive more than 5% of revenues from exploration-extraction of arctic oil and/or more than 10% of revenues from exploration/extraction of tar sands; and/or in companies that have a significant ownership in entities excluded under this rule.

d. No investment is allowed in companies that derive any revenues from the manufacturing of controversial weapons; and/or in companies that have a significant ownership in entities excluded under this rule. No investment allowed in debt or equity issued by the top global investors in nuclear weapons and cluster weapons as defined in the Investment Manager's exclusion policies and procedures.

e. No investment is allowed in companies found to be involved in very serious violations of human rights and/or labour rights under the UNGC.

(2) <u>Exclusion policies</u>: the Fund is subject to the Investment Manager's firm level exclusion policy, including but not limited to the restrictions listed under (1). This policy results in ESG exclusion lists that are implemented in the Investment Manager's internal automated controls system, which include fully integrated pre- and post-trade controls to implement and safeguard the exclusion lists.

(3) <u>UNGC screening</u>: as noted above, in addition to exclusion policies, the Fund is also subject to a screening that evaluates the alignment of investee companies with the 10 Principles of the UNGC. An exclusion list of companies found in breach of the UN Global Compact is compiled by the Investment Manager, and investment in the companies on the list is not allowed.

The UNGC screening will be underpinned by quantitative and qualitative analysis carried out by the ESG research team of the Investment Manager, using data collected by specialist ESG Data Providers and internal research.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The Fund does not have a committed minimum rate to reduce the scope of the investments considered prior to the application of the investment strategy.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

What is the policy to assess good governance practices of the investee companies?

The Investment Manager assesses the governance practices of investee companies through a variety of scores covering various aspects of firm-level governance, sourced form external Data Providers in order to satisfy itself that the relevant investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. The investment team of the Investment Manager may also engage with investee companies about specific governance-related issues. The dedicated AI/ Data team of the Algebris group has also developed a proprietary artificial intelligence (AI) driven controversy monitoring tool to monitor the increase of potential ESG-related controversies relating to investee companies.

To satisfy itself that the relevant investee companies follow good governance practices (in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance) the Investment Manager monitors a number of governance related key performance indicators (KPIs) for the investee companies. These include:

(i) **Sound management structures:**

- an aggregate performance index reflecting anti-crime policies and processes; business ethics; and corporate governance structure and effectiveness.

(ii) **Employee relations:**

- an aggregate performance index reflecting occupational health and safety; human capital development; and talent retention.

(iii) **Remuneration of staff:**

- an aggregate performance index reflecting gender pay gap; and CEO to employee pay ratio;

(iv) **Tax compliance:**

- an aggregate performance index reflecting tax strategy and governance; effective tax rate; and tax reporting.

Data for assessing the elements above is sourced from Data Providers and internal research. The investment team of the Investment Manager may also engage with investee companies about specific governance-related issues – such as news items and/or the emergence of governance-related controversies.

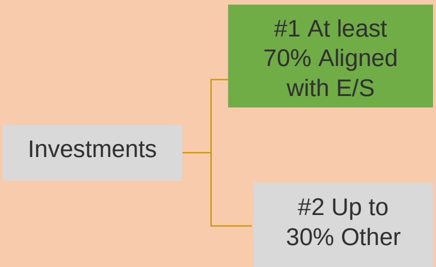
What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

The minimum proportion of the Fund’s investments that will be aligned with the environmental and social characteristics promoted by the Fund will be 70% (taking into account only the binding elements referred to above).

The remaining proportion of up to 30% of the Fund’s investments will be used for hedging, liquidity, diversification and/or efficient portfolio management purposes and will not incorporate any of the environmental and or social characteristics promoted by the Fund.

Any minimum environmental or social safeguards regarding the remaining proportion of the investments is covered in a specific section below.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Whilst the Fund does use derivatives as part of its investment strategy as further detailed in the Supplement for the Fund, the use of derivatives is not conducted with a view to attaining the environmental or social characteristics promoted by the Fund.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

While the Fund promotes environmental and social characteristics, as at the date of this document, it is expected that the minimum proportion of investments of the Fund in environmentally sustainable economic activities aligned with the "EU Taxonomy" (being Regulation (EU) 2020/852 of the European Parliament and the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments) (including in transitional and enabling activities) shall be 0% of the investments of the Fund.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

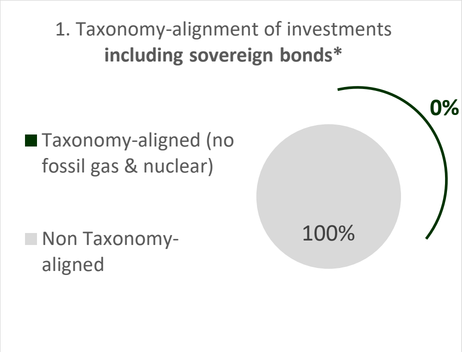
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

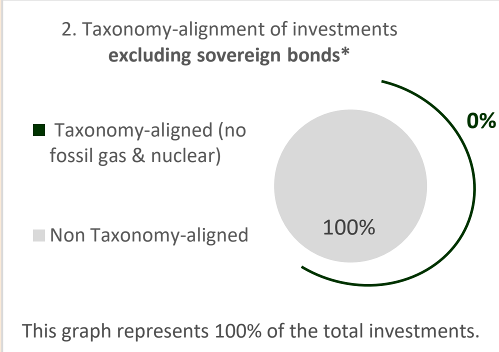
Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

What is the minimum share of investments in transitional and enabling activities?

N/A

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A

What is the minimum share of socially sustainable investments?

N/A

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The "#Other" investments made by the Fund include instruments which are used for the purpose of hedging (including currency risk management), liquidity, diversification, and efficient portfolio management. These investments include, but are not limited to, ancillary liquid assets and financial derivative instruments. Whilst these investments may not be aligned with the environmental or social characteristics promoted by the Fund, they will, to the extent possible, still be subject to the exclusion policies detailed above, in addition to the UNGC Screening. These provide the minimum safeguards.

The remaining assets of the Fund will also comprise cash and cash equivalents held from time to time on an ancillary basis, as well as instruments for hedging purposes. Such assets are subject to the Fund's minimum safeguards, to the extent applicable/ relevant in the context of such assets being cash and cash equivalents.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

N/A

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

N/A

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

N/A

- ***How does the designated index differ from a relevant broad market index?***

N/A

- ***Where can the methodology used for the calculation of the designated index be found?***

N/A

Where can I find more product specific information online?

More product specific information can be found on the following website:

https://www.algebris.com/fund/algebris-core-italy-fund-2/