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". 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 STRATEGIC CREDIT FUND

2 September 2024

DIRECTORY

ALGEBRIS UCITS FUNDS PLC

ALGEBRIS STRATEGIC CREDIT FUND

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DEFINITIONS

"Accumulating Classes"	Means Class B EUR, Class I EUR, Class M EUR, Class R EUR, Class B GBP, Class I GBP, Class M GBP, Class R GBP, Class B CHF, Class I CHF, Class M CHF, Class R CHF, Class B USD, Class I USD, Class M USD, Class R USD, Class B JPY, Class I JPY, Class M JPY, Class R JPY, Class B SGD, Class I SGD, Class M SGD, Class R SGD, Class B HKD, Class I HKD, Class M HKD, Class R HKD, Class B SEK, Class I SEK and Class R SEK Shares in the Fund.
"Class B"	means Class B EUR, Class Bd EUR, Class B GBP, Class Bd GBP, Class B CHF, Class Bd CHF, Class B USD, Class Bd USD, Class B JPY, Class Bd JPY, Class B SGD, Class Bd SGD, Class B HKD, Class Bd HKD, and Class B SEK, Class Bd SEK 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, Class Id JPY, Class I SGD, Class Id SGD, Class I HKD, Class Id HKD and Class I SEK, Class Id SEK 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, Class Md JPY, Class M SGD, Class Md SGD, and Class M HKD, Class Md HKD 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, Class Rd JPY, Class R SGD, Class Rd SGD, Class R HKD, Class Rd HKD and Class R SEK, Class Rd SEK in the Fund.
"Distributing Classes"	Means Class Bd EUR, Class Id EUR, Class Md EUR, Class Rd EUR, Class Bd GBP, Class Id GBP, Class Md GBP, Class Rd GBP, Class Bd CHF, Class Id CHF, Class Md CHF, Class Rd CHF, Class Bd USD, Class Id USD, Class Md USD, Class Rd USD, Class Bd JPY, Class Id JPY, Class Md JPY, Class Rd JPY, Class Bd SGD, Class Id SGD, Class Md SGD, Class Rd SGD, Class Bd HKD, Class Id HKD, Class Md HKD, Class Rd HKD, Class Bd SEK, Class Id SEK and Class Rd SEK Shares in the Fund.
"Fund"	Means Algebris Strategic Credit Fund.
"SFDR"	means EU Regulation (EU) 2019/2088 of European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.
"UN Sustainable Development Goals"	means the UN's blueprint to achieve a better and more sustainable future. They address the global challenges faced, including those related to poverty, inequality, climate change, environmental degradation, peace and justice. There are 17 interconnected goals and the UN has set a target of achieving them all by 2030.

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

MANAGEMENT AND ADMINISTRATION

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 has sustainable investment as its objective within the meaning of Article 9 of the SFDR. The sustainable investment objective of the Fund is to make a positive impact on worldwide environmental sustainability and social standards through investing in debt securities of global listed companies which make a positive impact on the world (as measured by a positive contribution to one or more of the UN Sustainable Development Goals ("**SDGs**")) while at the same time having a low environmental footprint and operating within the environmental boundaries that support sustainable planetary thriving. In addition to the sustainable investment objective, the Fund aims to generate an attractive level of income and positive risk-adjusted returns in the medium-to-long term.

Investment Policy

To achieve its investment objective, the Fund's assets will be predominantly invested in fixed and variable, corporate and/or government debt securities (e.g. corporate bonds, which may be investment grade or below investment grade as rated by Moody's, Standard & Poor's, Fitch or other rating agencies, or unrated), contingent convertible bonds ("**CCBs**"), hybrid securities (a security which combines both debt and equity characteristics) including Tier 1, upper and lower Tier 2 securities, which are forms of bank capital, and 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, as well as exchange traded notes ("**ETNs**"), exchange traded funds ("**ETFs**"), which provide exposure to the particular asset classes in which the Manager wishes to invest, and deposits. **To the extent permitted under SFDR, the Fund may invest substantially in deposits with credit institutions during periods of high market volatility. Such investments will be solely for the purpose of liquidity and hedging that the Manager considered necessary, and in the best interest of investors, as a result of such high market volatility.**

The Fund does not intend to invest directly in ordinary equity securities; however, the Fund may acquire and hold ordinary equity securities in the event that such ordinary equity securities are acquired by way of conversion from another security held by the Fund. For the avoidance of doubt, the Fund shall not be required to sell or otherwise dispose of any ordinary equity securities so acquired, however, the acquisition of any convertible securities or CCBs will be subject to the Convertible Securities Limit and CCB Limit (defined below). This may result in ordinary equity securities being a portion of the Fund's portfolio of assets.

The Fund's investments will be made on a global basis in assets denominated in the Base Currency or other currencies.

In seeking to achieve its investment objective, the Fund may invest up to 10% of its net assets in offshore Chinese bonds that are denominated in USD. With the exception of China and subject to the investment restrictions set out under the heading "Investment Restrictions" below, there are no limits on the geographic or market sector to which the Fund may have exposure.

For the avoidance of any doubt, the investments of the Fund must be in "sustainable investments" as defined in Article 2 (17) of SFDR (with the exception of investments made for the purpose of hedging and liquidity). The investment universe is comprised of sectors and companies that will be central to achieving the shift to a more sustainable model of economic activity, by providing solutions to the trade-off between planetary boundaries and minimum social needs. The Fund has identified a set of themes ("**ESG Themes**") and associated sectors that offer sustainable solutions to the challenges presented as further detailed below which such information is based on the Manager's research of legitimate and reputable sources:

(i) ***Theme 1 – Clean Energy and Energy Efficiency:*** 13% of the global population lack access to electricity and 40% lack access to clean cooking fuels. Yet, the energy sector accounts for nearly three fourths of all greenhouse gas ("**GHG**") emissions globally and the International Energy Agency ("**IEA**") estimates that annual clean energy investment worldwide will need to more than triple by 2030, to reach net zero emissions by 2050. The Fund aims to contribute to global efforts towards addressing this challenge by investing in companies that offer products or services that are instrumental to the green energy transitions, including by not limited to: renewables and clean energy solutions; energy efficiency products and services; energy storage solutions. This theme is closely connected to the UN Sustainable Development Goal of Affordable and Clean Energy (SDG 7).

(ii) ***Theme 2 – Clean Water Tech and Sanitation****:* Over 800,000 people die due to inadequate water and sanitation every year and it is estimated that to address the threat of water scarcity significant investment will be needed in water and sanitation infrastructure. The Fund aims to contribute to global efforts towards addressing this challenge by investing in companies offering products/services that enable more efficient use, consumption, or treatment of water, including but not limited to: water utilities, desalination, water pipes, and infrastructure, smart meters, and water treatment activities. This theme is closely connected to the UN Sustainable Development Goal of Affordable and Clean Water and Sanitation (SDG 6).

(iii) ***Theme 3 – Protection of Biodiversity and Marine Resources****:* At the current rate, an equivalent of three planets with the resources of Earth will be needed to meet human annual natural resource needs by 2050. Biodiversity loss, ocean acidification, deforestation, air pollution, species extinction and land degradation, however, threaten the world's natural capital. The Fund aims to contribute to global efforts towards addressing this challenge by investing in companies offering products/services with the potential to reduce the threat of biodiversity loss including but not limited to: forest carbon sequestration, clean air, ocean aquaculture activities, environmental engineering. This theme is closely connected to the UN Sustainable Development Goals of Life on Land (SDG 15) and Life Below Water (SDG 14).

(iv) ***Theme 4 – Sustainable Agriculture and Food:*** The world will need 56% more food in 2050 to feed everyone, but by 2030 the world could reach 'peak phosphorus' (the point at which humanity reaches the maximum global production rate of phosphorus as a raw material). This can have a significant impact on food and agriculture as it is a key input for inorganic fertilizers. The Fund aims to contribute to global efforts towards addressing this challenge by investing in companies that offer products/services with the potential to increase the productivity and reduce the environmental impact of agriculture, including but not limited to: precision and vertical farming, animal health, genetic seed editing, plant-based protein/lab grown meat, sustainable food production. This theme is closely connected to the UN Sustainable Development Goal of Zero Hunger (SDG 2).

(v) ***Theme 5 – Waste Disposal and Circular Economy:*** each year approximately 11 billion tons of waste are generated and only 9% of 100+ billion tons of materials that enter the economy are reused, with 50% of all plastic waste ending up in landfills. To contribute to global efforts towards addressing this challenge, the Fund aims to invest in companies engaged in activities that offer products/services that contribute to the transition to a circular economy by enabling increased recycling and reducing the environmental impact of waste, including but not limited to: waste management services, recycling services; waste to energy solutions, plastic reduction, paper and packaging; sustainable and/or carbon negative consumer goods. This theme is closely connected to the UN Sustainable Development Goal of Responsible Consumption and Production (SDG 12).

(vi) ***Theme 6 – Health and Wellbeing:*** Almost 2 billion people have no access to medicines, and more than 50% of the global population lacks essential health care, while pollution kills millions of people every year. At the same time, due to the aging population in developed countries and the increased healthcare demand globally, many countries would face shortages of healthcare workers, higher cost of health services, poor quality of health services and wellness scarcity. The Fund aims to contribute to global efforts towards addressing this challenge by investing in companies offering products/services that can contribute to enhance efficiency, delivery, and personalization/precision of healthcare services including but not limited to: pharma and biotech; healthcare providers, telemedicine, wellness providers, health digital technologies; digital health; life science; air quality solutions. This theme is closely connected to the UN Sustainable Development Goal of Good Health and Wellbeing (SDG 3).

(vii) ***Theme 7 – Skills and Education:*** Over 250 million children do not have access to education, and 773 million adults are illiterate. Almost 1 billion workers may need reskilling by 2030, requiring a sizeable investment in life-long learning and continuous training. To contribute to global efforts towards addressing the challenge of a growing education deficit, the Fund aims to invest in companies engaging in activities that have the potential to increase availability and affordability of quality education including but not limited to: mobile learning, digital skills app platforms, massive open online courses, corporate training and development, services for vocational education and employment; media services. This theme is closely connected to the UN Sustainable Development Goal of Quality Education (SDG 4).

(viii) ***Theme 8 – Industry, Innovation and Digitalization:*** digital technologies and solutions will play a central role in the structural shift of our economy towards a more environmentally and socially sustainable model. The Fund therefore envisages to invest also in firms offering digital solutions and technologies instrumental to the themes described above, including but not limited to: IT hardware and software solutions, industrials; machinery; semiconductor capital equipment (such as semiconductors) and related equipment; electric vehicles and batteries; electrical equipment. This theme is closely connected to the UN Sustainable Development Goals of Industry, Innovation and Infrastructure (SDG 9) and Sustainable Cities and Communities (SDG 11).

To achieve the sustainable investment objective of the Fund, the Manager thoroughly considers material ESG factors throughout the investment process – from the definition of the relevant investment universe all the way to stock picking and portfolio construction. The Fund aims to invest in companies that contribute to one or more of the ESG Themes, however investors should note that (subject to the binding criteria detailed below) an investee company may still be eligible for the Fund's portfolio despite being outside of the ESG Themes, provided the investment in such investee companies is a "sustainable investment" as defined in Article 2 (17) of SFDR. The Fund's ESG investment framework includes a combination of:

(i) Strict ESG exclusion policies;

(ii) Monitoring of ESG controversies;

(iii) ESG best in class screening on companies' operations and business practices;

(iv) Positive screening for environmental and social impact (SDG alignment and contribution);

(v) Positive screening for low environmental footprint (planet boundaries and/or EU Principal Adverse Impact indicators); and

(vi) Active ESG engagement and voting.

More detail on (i) to (vi) above can be found under the heading *The Sustainable Finance Disclosure Regulation* and in Schedule II hereto which forms an integral part of and should be read in conjunction with this Supplement.

The strategy aims to take advantage of mispriced opportunities by constructing a diversified portfolio across sectors addressing the above ESG Themes. 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; (viii) a change in overall risk appetite; or (ix) a change in valuation methodology.

The Fund may invest in securities issued by financial institutions. Financial institutions are the gatekeepers to sustainable development due to the key role they play in allocating finances for the functioning of the economy. As a result, they can contribute to channelling private investment towards the transition to a climate-neutral, climate-resilient, resource efficient and fair economy. To be eligible as an investment in the Fund, financial institutions must not be on any of the ESG exclusion lists applicable to the Fund and have at least 20% of their revenue aligned with one or more of the SDGs. On top of that, the Fund targets financial institutions that are more environmentally conscious in their lending and financing policies than the general sector: as such, to be eligible for investment by the Fund, financial institutions should have credible coal policy, arctic oil policy and oil sands policy. The Manager has built a proprietary screening process that combines metrics from different sources, to evaluate a financial institution's fossil fuel policies. The screening is based on data from reputable third-party data vendors and non-government organizations (NGOs), in addition to internal analysis. The NGO currently used by the Manager independently assesses financial institutions' exclusion policies on fossil fuels to produce a policy scorecard. At present, the Manager excludes from the investable universe financial institutions with a score lower than that permitted by its internal limits. Lastly, financial institutions should either be a member of the Net Zero Banking Alliance (or equivalent sector initiative) or have a set Science Based Target reviewed by the SBTi and/or other credible science-based emission reduction targets.

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. In order to determine the composition and diversification of the investment portfolio, a bottom-up selection process will be applied. A bottom-up approach involves a 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 Fund may, subject to the requirements laid down by the Central Bank, enter into financial derivative instruments ("**FDIs**") and securities which may embed a derivative component for investment, efficient portfolio management and hedging (e.g. currency or duration risk management) purposes. The securities in which the Fund may invest which may embed leverage and/or a derivative shall include hybrid securities such as convertible securities and CCBs. The Fund may invest in these securities for investment purposes. The Fund may only use the other FDIs mentioned herein for hedging and efficient portfolio management purposes and not for speculative or investment purposes.

FDIs may be exchange traded or over-the-counter ("**OTC**"). These FDIs will include swaps, options, futures and forwards contracts. The Fund may take both long and short positions synthetically through the use of each of these FDIs as well as long positions through its direct investments. As outlined above, the Fund may hold both long positions and short positions in implementing its investment strategy. The Fund's total net long position is not expected to exceed 130% of the Net Asset Value of the Fund (calculated in accordance with the commitment approach). The Fund may invest up to 100% 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 exposures, calculated in accordance with the commitment approach).

For example: (i) swaps on debt securities and ETFs may be utilised on an ancillary basis 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; (ii) credit default swaps may be purchased for hedging and to manage existing credit exposures; (iii) interest rate swaps, interest rate futures and options on interest rates and interest rate future may be used for hedging and to manage the Fund's interest rate exposures; (iv) put options on equity securities, debt securities, ETFs, and futures may be purchased to provide an efficient, liquid and effective mechanism for "locking in" gains, to protect against future declines in value on the securities that the Fund owns, or to protect against adverse movements in the market generally; (v) put and call options may be sold on debt securities, ETFs, and futures for hedging and for the reduction of risk; (vi) swaps and options on currencies may be used for hedging and to manage the Fund's currency exposures; (vii) futures and forwards contracts on debt securities may be utilised to credit exposures and interest rate risk; and (viii) forward currency exchange contracts (otherwise known as FX forward transactions) may be utilised for hedging and currency risk management.

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, FX futures and/or FX options 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, 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, for efficient portfolio management purposes.

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 (as more particularly described below) and money market funds, 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.

The Fund is expected to, at times, experience high volatility as a result of its investment strategies.

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.

The Fund will not invest predominantly in convertible securities; investment in such securities will not exceed 5% of its Net Asset Value and will form part of a diversified portfolio (the "**Convertible Securities Limit**"). For the avoidance of doubt, the Convertible Securities Limit is separate from the CCB Limit (as defined below under the section titled Contingent Convertible Bonds).

Contingent Convertible Bonds

CCBs are primarily issued by financial institutions as an economically and regulatory efficient means of raising capital. They are a form of hybrid debt security, 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 of all of the principal amount of the CCB 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. CCB are risky investments which are relatively new and complex instruments and in stressed market environment, it difficult to predict how they will perform. CCBs are a relatively new form of hybrid capital and conversion events and/or other trigger events (and other material terms) may develop over time. CCBs invested in by the Fund may or may not embed a derivative.

The Fund will not invest predominantly in CCBs; investment in such securities will not exceed 10% of its Net Asset Value and will form part of a diversified portfolio (the "**CCB Limit**").

Certain risks include:

- <u>Trigger level risk and capital structure inversion risk</u>: certain CCBs have "mandatory conversion" features, which means that the CCBs consists of debt securities or preferred stocks that convert automatically into equity on the occurrence of a particular trigger event. Mandatory conversion securities may limit the potential for capital appreciation and, in some instances, are subject to complete loss of invested capital. In addition, certain CCBs are issued with "write down" features. This means that the principal amount of the CCB will be written down after a specific trigger event.

If a trigger event, depending on the terms and conditions of the CCB, occurs and is continuing, then the principal amount of all of the relevant CCBs is automatically and at least temporarily reduced to a specific percentage (e.g. 25 per cent) of the original principal amount or permanently written down in full. Thus, the amount of the repayment claim will be reduced accordingly. The conversion of a CCB to equity or the write down of the principal amount of the CCB may be triggered by specified events that might be independent from the particular need of an issuer.

- Coupon cancellation risk and call extension risk: while certain CCBs are issued with a stated maturity and fixed coupons, others are issued as perpetual instruments, which may be callable at pre-determined levels only with the approval of the relevant competent authority or at the option of the issuer in its sole discretion. It therefore cannot be assumed that the perpetual CCBs will be called on a call date and the investor may not receive return of principal if expected on a call date or indeed any date. CCBs may also have fully discretionary coupons and these coupons can be cancelled by either national regulators or the issuer.

- Other risk factors: the value of CCBs is unpredictable and will be influenced by many factors including, without limitation (i) the creditworthiness of the issuer and/or fluctuations in such issuer's applicable capital ratios which may impact on the ability of the issuer to return principal or pay coupons; (ii) supply and demand for the CCBs; and (iii) general market conditions, economic, financial and political events that affect the issuer.

Please also see the sub-section in the Prospectus entitled "Contingent Convertible Instruments", in the section entitled "Risk Factors" for further information.

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.

ETFs

Exchange Traded Funds ("**ETFs**") represent interests in: (i) fixed portfolios of equity shares or debt securities designed to track the price and dividend yield performance of a broad-based securities indices (such as the S&P 500 or NASDAQ 100); (ii) "baskets" of industry-specific securities; or (iii) commodities. Shares or units in ETFs are traded on an exchange like equity shares in companies, and the value of such shares or units fluctuate in relation to changes in the value of the underlying asset of the ETF. However, the market price of such shares or units in ETFs may not be equivalent to the pro-rata value of the underlying asset of the ETF. Shares and units of the ETFs are subject to the risks of an investment in a broad-based portfolio of equity shares or to the risks of a concentrated, industry-specific investment in equity shares. Furthermore, certain ETFs in which the Fund may invest may leverage their assets, thereby significantly increasing the potential volatility of such ETFs.

ETNs

Exchange traded notes ("**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.

A list of the Regulated Markets on which the Fund's investments may be listed, quoted or traded and the countries and territories to which the Fund may gain exposure (other than permitted unlisted investments) is set out in Schedule I to the Prospectus.

PROFILE OF A TYPICAL INVESTOR

The Fund is an actively managed investment product suitable for investors who have sustainable investment as an objective and seek an attractive level of income and positive risk-adjusted returns, while being prepared to accept a moderate level of volatility with a long-term investment horizon.

BASE CURRENCY

The Base Currency of the Fund is Euro.

INVESTMENT TECHNIQUES AND INSTRUMENTS

In accordance with the requirements of the Central Bank, the Manager employs a risk management process which enables it to accurately measure, monitor and manage 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 Fund may employ investment techniques and instruments for investment, efficient portfolio management and for hedging purposes, 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 OTC. The Fund may utilise the following FDIs: swaps, options, futures and forward contracts. The Fund may invest in convertible securities and ETNs which may embed leverage or embed a derivative component.

Swaps

The Fund may enter into swaps on debt 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.

The Fund may also use credit default swaps 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.

Swap agreements 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 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.

TRS may be used as a substitute for investing in standardised ETFs, futures or options contracts. TRS may be held for the same purposes described in the futures and options sections below. For example, if the Manager wishes to gain exposure to a section of the market that is not readily tradable via a standard ETF, futures or options contract then it may be desirable to hold a return swap which provides exposure to a financial index, individual security or a bespoke basket of securities.

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 and the policy of the Manager with respect to the selection of such counterparties, 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, 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.

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 securities, ETFs, currencies, interest rates, futures, interest rate futures and eligible indices for hedging and efficient portfolio management purposes. The Fund may also buy put options on equity securities.

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 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 FX, equity and equity-related securities, debt 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 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 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.

The Fund will only take exposure to UCITS eligible financial indices through the use of FDI as outlined above in line with the permitted asset classes disclosed in the investment policy. The financial indices can provide exposure to any geographic or market sector in credit or equities. Due to the nature of the Fund's strategy, it is not possible to comprehensively list all of the actual financial indices to which exposure may be taken as they may not have, as of the date of this Supplement, been selected and they may change from time to time. Details of the current financial indices to which the Fund takes exposure for investment purposes, their classification and the markets which they are representing will be provided to Shareholders of the Fund by the Manager upon request.

In addition, any such financial indices will be rebalanced/adjusted on a periodic basis in accordance with the requirements of the Central Bank e.g. on a weekly, monthly, quarterly, semi-annual or annual basis. The costs associated with gaining exposure to a financial index will be impacted by the frequency with which the relevant financial index is rebalanced.

Where the weighting of a particular constituent in the financial index exceeds the investment restrictions set down in the Regulations, the Manager will as a priority objective look to remedy the situation taking into account the interests of Shareholders of the relevant Fund.

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 funds. 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" in the Prospectus.

General

Direct and indirect operational costs and fees arising from the efficient portfolio management techniques of repurchase and reverse repurchase agreements 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 Fund shall ensure that 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 transactions 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 I 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.

THE SUSTAINABLE FINANCE DISCLOSURE REGULATION

The Manager has categorised the Fund as meeting the provisions set out in Article 9 of the SFDR for products that have a sustainable investment objective. Further information on the Fund’s investment objective and ESG strategy is set out below and in Schedule II hereto which forms an integral part of and should be read in conjunction with this Supplement.

In order to meet the sustainable investment objective, the Manager applies binding criteria to the selection of underlying assets as part of its investment decision making process. These binding criteria are reflected in the following strategies.

Exclusion Policies

The Fund is subject the below exclusion policies, comprising of exclusion lists of restricted companies. These are constructed by the ESG team of the Algebris group through internal research combining the data of non-governmental organisations (“NGOs”) and product involvement reports from specialized ESG data firms. Algebris’ ESG & Responsible Investment Policy and ESG Exclusion Policy are available on Algebris website (at: https://www.algebris.com/esg/policies-and-disclosures/).

The below policies form part of ESG Exclusion Policy. Further details on each policy can be found in Algebris’ ESG Exclusion Policy (at: https://www.algebris.com/esg/policies-and-disclosures/).

Ethical ESG Exclusions:

(i) *Controversial weapons exclusion policy*

The Fund will not invest in companies that the Manager believes to be involved in, and derive any revenue from, the manufacturing of controversial weapons. This includes both companies involved in production of the core weapon system and companies providing components/services for the core weapon system even if they are not tailor-made or essential for the lethal use of the weapon. Further the Fund will not invest in any companies that have significant ownership in the companies described above.

In addition to the above, the Fund will not knowingly invest in debt or equity issued by the top-5 global investors in nuclear weapons and in the top-5 global investors in cluster weapons.

(ii) *Predatory lending exclusion policy*

The Fund will not invest in companies that: (1) derive any revenues (0% threshold) from predatory lending activities, and/or (2) have a significant ownership in companies under (1).

(iii) *Tobacco exclusion policy*

The Fund will not invest in companies that: (1) derive any revenues (0% threshold) from the manufacturing of tobacco products, and/or (2) derive at least 5% of revenues from supply of tobacco-related products or services, and /or (3) have a significant ownership in companies under (1) or (2).

(iv) *Alcohol*

The Fund will not invest in companies that: (1) derive at least 5% of revenues from production of alcoholic beverages and related products or services, and /or (2) have a significant ownership in companies under (1).

(v) *Gambling*

The Fund will not invest in companies that: (1) derive at least 5% of revenues from gambling operations, gambling specialized equipment and supporting products or services, and /or (2) have a significant ownership in companies under (1).

(vi) *Military Contracting*
The Fund will not invest in companies that: (1) derive at least 5% of revenues from military contracting, and /or (2) have a significant ownership in companies under (1).

(vii) *Small Arms*

The Fund will not invest in companies that: (1) derive at least 5% of revenues from production of small arms and/or (2) at least 10% revenues from retail and distribution of small arms, and/or (3) have a significant ownership in companies under (1) or (2).

Climate ESG Exclusions:

The Fund is included in Algebris' Net Zero AUM commitment, and as such is subject to restrictions on investment in fossil fuels – which are detailed in Algebris Fossil Fuels Investment Policy available on Algebris website (at: https://www.algebris.com/esg/policies-and-disclosures/).

The below policies from part of Algebris Fossil Fuels Investment Policy. Further details on each policy can be found in Algebris Fossil Fuels Investment Policy (at: https://www.algebris.com/esg/policies-and-disclosures/).

(viii) *Thermal coal exclusion policy*

The Fund will not invest in companies that: (1) derive any revenues (0% threshold) from the extraction of thermal coal, and/or (2) derive any revenues (0% threshold) from thermal coal power generation; and/or (3) have a significant ownership in companies under (1) or (2).

In addition to the above, the Fund will not knowingly invest in debt or equity issued by the top-5 equity and bondholders in coal power plant developers, nor in the banks providing the largest share of lending to coal mining.

The Fund will also not invest in companies that are listed on the Global Coal Exit List (GCEL) as having coal power or coal mining expansion plans – regardless of the share of revenues they derive from thermal coal.

(ix) *Unconventional oil and gas exclusion policy*

The Fund will not invest in companies: (1) deriving any (0% threshold) revenues from exploration/extraction of either Tar Sands or Arctic Oil; and (2) any company having a significant ownership in the companies excluded under (1).

(x) *Conventional oil and gas exclusion policy*

The Fund will not invest in companies that: (1) derive any (0% threshold) revenues from the production of conventional oil and gas; and/or companies that derive more than 40% of revenues from conventional oil and gas power generation.

(xi) *UNGC Screening*

The Fund is subject to a screening that evaluates the alignment of investee companies with the 10 Principals of the United Nations Global Compact ("**UNGC**"). Algebris' ESG research team carries out a UNGC screening underpinned by data from third party ESG data providers, as well as internal research. The aim of the Manager's UNGC screening is to minimize exposure to companies with especially poor practices in key UNGC-relevant areas and identify potential issues on which to engage with companies in the portfolio.

From an operational standpoint, the UNGC screening restricts investment in companies that are identified to be involved in very serious violations of any of the UNGC principles (human rights, labour rights, non-discrimination, environment, corruption). The Manager defines a very serious violation as the case of a company being involved in persistent UNGC-related controversies, where the controversy is of critical severity and the company is non-reactive.

Positive Screening

(i) *Social Impact*

The Manager will measure the extent to which the activities of the investee companies of the Fund align and contribute to one or more of the UN Sustainable Development Goals ("**SDG**"). The SDG are the following set of recognized goals for sustainable development:

(1) Ending poverty in all its forms everywhere ("**SDG 1**")

(2) Ending hunger, achieving food security and improving nutrition and the promotion of sustainable agriculture ("**SDG 2**");

(3) Ensuring healthy lives and the promotion of well-being for all at all ages **(SDG 3**");

(4) Ensuring inclusive and equitable quality education and the promotion of lifelong learning opportunities for all ("**SDG 4**");

(5) Achievement of gender equality and empowerment for all women and girls ("**SDG 5**");

(6) Ensuring the availability and sustainable management of water and sanitation for all ("**SDG 6**");

(7) Ensuring access to affordable, reliable, sustainable and modern energy for all ("**SDG 7**");

(8) Sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all ("**SDG 8**");

(9) Building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation ("**SDG 9**");

(10) Reducing inequality within and among countries ("**SDG 10**");

(11) Making cities and human settlements inclusive, safe, resilient and sustainable ("**SDG 11**");

(12) Ensuring sustainable consumption and production patterns ("**SDG 12**");

(13) Taking urgent action to combat climate change and its impacts ("**SDG 13**");

(14) Conserving and sustainably using the oceans, seas and marine resources for sustainable development ("**SDG 14**");

(15) Protecting, restoring and promoting sustainable use of terrestrial ecosystems, sustainably managed forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss ("**SDG 15**");

(16) Promotion of peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective accountable and inclusive institutions at all levels ("**SDG 16**"); and

(17) Strengthen the means of implementation and revitalize the global partnership for sustainable development ("**SDG 17**").

This assessment will investigate what share of the investee company's revenues derive from activities positively contributing to one or more SDGs, while at the same time checking whether the investee company also operates any business lines potentially conflicting with the SDGs. Only companies that derive at least 20% of the enterprise value (or sales, EBIT or EBITDA) from activities that contribute positively towards one or more of the SDGs will be eligible. The Fund will undertake this assessment through the use of SDG revenue alignment data covering approximately 18,000 companies, from an established ESG third party data provider complemented by the Manager's internal research based on public information and dialogue with the relevant company. In case any company deemed of interest is not covered by third party data, an internal assessment will be conducted to establish the degree of revenue alignment with the SDGs, based on public information and dialogue with the relevant company.

(ii) *Environmental Consciousness*

The Manager will scrutinize the environmental impact of the investee companies' operations and products, to verify that these are compatible with not overshooting environmental boundaries. This analysis will be underpinned by a collection of the environmental key performance indicators (KPIs) at investee company level. These KPIs will be used to construct an index of environmental performance, which the Manager will use to rate the sustainability of companies' operations.

(iii) *Broader ESG Best-In-Class Screening*

The Manager will also perform a broader ESG due diligence to establish the degree to which ESG factors are integrated in the prospective investees' business operations, managerial practices, and organizational developments. For each sector that it invests in, the Fund aims at keeping the average ESG score of companies selected as part of the portfolio above the respective average score of the sectors where the investees operate. Companies whose global ESG score falls in the bottom 15% of the relative sector's ESG scores distribution will be excluded from the investment universe (ESG Best-in-Class).

In limited and rare occasions, exemptions to the general rules outlined above might be considered. ESG exemption policy is detailed in Algebris ESG Exclusion Policy (at: https://www.algebris.com/esg/policies-and-disclosures/).

Net Zero AuM

The Manager is a signatory of the Net Zero Asset Managers Initiative ("**NZAM**") and has set an initial target of 57% of its total AuM to be managed in line with attaining net zero emissions by 2050 or sooner (the "**Initial Target**") which will be reviewed at least every five years. The Fund is part of the Manager's Initial Target and will in accordance with NZAM:

(a) set an interim decarbonization target for 2030 consistent with a fair share of 50% global reduction in CO2 identified as a requirement in the Intergovernmental Panel on Climate Change ("**IPCC**") special report on global warming of 1.5°C. This target will be set using one of the following methodologies: (1) the Paris Aligned Investment Initiative Net Zero Investment Framework; (2) the Science Based Targets Initiative for Financial Institutions; or (3) the Net Zero Asset Owner Alliance Target Setting Protocol.

(b) Priorities the achievement of real economy emissions reductions within the sectors and companies in which the Fund invests.

Net Zero AuM Commitment and the methodologies are detailed on the Manager's website at: https://www.algebris.com/esg/policies-and-disclosures/).

Active Engagement and Voting

The Manager encourages good governance and sustainable corporate practices, which contribute to long-term value creation. The Manager's Proxy Voting Policy and Shareholder Engagement Policy set the principals to be applied for determining when and how any voting rights held in respect of investments are exercised. Additional information on this is available on the Managers website at: https://www.algebris.com/esg/policies-and-disclosures/).

As the Fund does not intend to invest directly in ordinary equity securities the Manager does not anticipate that the opportunity to exercise voting rights will regularly occur (if at all). As stated above however, the Fund may acquire and hold ordinary equity securities in the event that such ordinary equity securities are acquired by way of conversion from another security held by the Fund. In the event that the Fund does acquire and hold ordinary equity securities with voting rights, the Fund will discharge such voting rights in compliance with the Manager's voting policy, and otherwise as explained above.

TAXONOMY REGULATION

Further information regarding the extent of the Fund's investment in economic activities that are aligned with Regulation (EU) 2020/852 (the "Taxonomy Regulation"), in accordance with the requirements of SFDR, is set forth in Schedule II hereto.

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 above under the heading "Sustainable Finance Disclosure Regulation – Ethical ESG Exclusion". 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 generally exited within 30 days.

The investment decisions also observe an environmental screening, aimed at scrutinizing the environmental impact of the investee companies' operations and products, to verify that these are compatible with not overshooting environmental boundaries. This analysis will be underpinned by a collection of the environmental key performance indicators (KPIs) – including those on the EU Principal Adverse Impact Indicators list – at investee company level. These KPIs will be used to construct an index of environmental performance, which the Manager will use to rate the sustainability of companies' operations.

The investment decisions will also be subject to a broader ESG due diligence to establish the degree to which ESG factors are integrated in the prospective investees' business operations, managerial practices, and organizational developments. For each sector that it invests in, the Fund aims at keeping the average ESG score of companies selected as part of the portfolio above the respective average score of the sectors where the investees operate. Companies whose global ESG score falls in the bottom 15% of the relative sector's ESG scores distribution will be excluded from the investment universe (ESG Best-in-Class). This ESG Best-in-Class restricted list will be reviewed at least annually.

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 controls coded into Algebris' internal automated controls system, which include 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.

Voting Policy

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 decision-making process, with sustainability being a prime consideration.

ESG Scoring

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**")) 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.

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 sustainable 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 companies that address one or more of the ESG Themes (as detailed above). 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 issue 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; and/or
- 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:

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

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 management fee, and are not subject to minimum initial or additional subscription amounts.

DIVIDENDS

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 the 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.

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" as amended 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 sub-section in the Prospectus entitled "Dilution Adjustment", in the section entitled "Administration of the Company" 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 Redemption"	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 5:30pm (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).

Conversion of Shares

Investors' attention is drawn to the section of the Prospectus entitled "Conversion of Shares".

In particular, investors should note that the length of time for completion of conversions involving the Fund may differ to that for subscriptions and redemptions and will vary depending on the "Trade Cut-off Time for Redemptions" as detailed in the Supplement in respect of the relevant Class to be converted and the "Trade Cut-off Time for Subscriptions" as detailed in the Supplement in respect of the new Class.

Instructions to convert should be received prior to the earlier of the "Trade Cut-off Time for Redemptions" in the relevant Class to be converted and "Trade Cut-off Time for Subscriptions" in the new Class as specified in the relevant Supplement(s).

FEES AND EXPENSES

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

Class B and Class I 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.

Initial Sales Charge

An initial sales charge of up to 3.00% in respect of subscriptions for all Class R 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 Shares.

There shall be no initial sales charge for the Class B Shares and Class I 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.

Fees in respect of the Manager

Management Fee

The Manager shall be entitled to receive an overall investment management fee (the "**Management Fee**") from the Company in respect of the Fund equal to 0.30% per annum of the Net Asset Value of the Class B Shares, and 0.45% per annum of the Net Asset Value of the Class I Shares and 1.2% per annum of the Net Asset Value of the Class R Shares.

The Management Fee shall be (i) calculated and accrued daily; and (ii) is calculated by reference to the Net Asset Value of the relevant Shares before the deduction of that day's Management 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 the out-of-pocket expenses relating to the Company as a whole.

Performance Fee

No performance fees shall be payable in respect of the Fund.

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 EUR 600,000 at the level of the Company (as above, 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 EUR 200 million, 0.03% per annum of the Fund's Net Asset Value between EUR200 million and EUR 500 million and 0.02% per annum of the Fund's Net Asset Value above EUR500 million subject to a minimum annual fee of EUR 600,000 at the level of the Company (to include administration and depositary services).

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 EUR 5,000 per annum (at the level of the Company) and EUR 1,000 per annum (per Fund) for the preparation of financial statements for the Company and a preparation fee of EUR 3,000 per annum (at Company level) and EUR 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 EUR 100,000 and will be amortised over the first five years of the Fund.

RISK FACTORS

The attention of investors is drawn to the section headed "Risk Factors" in the Prospectus.

SCHEDULE I

Classes of Shares

Algebris Sustainable Bond Fund – Fund denomination – Euros								
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 B EUR (Clean)	EUR	No	EUR 100	EUR 10,000	EUR 1,000	0.30%	New	Accumulating
Class Bd EUR (Clean)	EUR	No	EUR 100	EUR 10,000	EUR 1,000	0.30%	New	Distributing
Class B GBP (Clean)	GBP	Yes	GBP 100	GBP equivalent of EUR 10,000	GBP equivalent of EUR 1,000	0.30%	New	Accumulating
Class Bd GBP (Clean)	GBP	Yes	GBP 100	GBP equivalent of EUR 10,000	GBP equivalent of EUR 1,000	0.30%	New	Distributing
Class B USD (Clean)	USD	Yes	USD 100	USD equivalent of EUR 10,000	USD equivalent of EUR 1,000	0.30%	New	Accumulating
Class Bd USD (Clean)	USD	Yes	USD 100	USD equivalent of EUR 10,000	USD equivalent of EUR 1,000	0.30%	New	Distributing
Class B CHF (Clean)	CHF	Yes	CHF 100	CHF equivalent of EUR 10,000	CHF equivalent of EUR 1,000	0.30%	New	Accumulating
Class Bd CHF (Clean)	CHF	Yes	CHF 100	CHF equivalent of EUR 10,000	CHF equivalent of EUR 1,000	0.30%	New	Distributing

Class B JPY (Clean)	JPY	Yes	JPY 100	JPY equivalent of EUR 10,000	JPY equivalent of EUR 1,000	0.30%	New	Accumulating
Class Bd JPY (Clean)	JPY	Yes	JPY 100	JPY equivalent of EUR 10,000	JPY equivalent of EUR 1,000	0.30%	New	Distributing
Class B SGD (Clean)	SGD	Yes	SGD 100	SGD equivalent of EUR 10,000	SGD equivalent of EUR 1,000	0.30%	New	Accumulating
Class Bd SGD (Clean)	SGD	Yes	SGD 100	SGD equivalent of EUR 10,000	SGD equivalent of EUR 1,000	0.30%	New	Distributing
Class B HKD (Clean)	HKD	Yes	HKD 100	HKD equivalent of EUR 10,000	HKD equivalent of EUR 1,000	0.30%	New	Accumulating
Class Bd HKD (Clean)	HKD	Yes	HKD 100	HKD equivalent of EUR 10,000	HKD equivalent of EUR 1,000	0.30%	New	Distributing
Class B SEK (Clean)	SEK	Yes	SEK 100	SEK equivalent of EUR 10,000	SEK equivalent of EUR 1,000	0.30%	New	Accumulating
Class Bd SEK (Clean)	SEK	Yes	SEK 100	SEK equivalent of EUR 10,000	SEK equivalent of EUR 1,000	0.30%	New	Distributing
Class I EUR (Clean)	EUR	No	EUR 100	EUR 500,000	EUR 5,000	0.45%	New	Accumulating
Class Id EUR (Clean)	EUR	No	EUR 100	EUR 500,000	EUR 5,000	0.45%	New	Distributing
Class I GBP	GBP	Yes	GBP 100	GBP	GBP	0.45%	New	Accumulating

(Clean)				equivalent of EUR 500,000	equivalent of EUR 5,000			
Class Id GBP (Clean)	GBP	Yes	GBP 100	GBP equivalent of EUR 500,000	GBP equivalent of EUR 5,000	0.45%	New	Distributing
Class I CHF (Clean)	CHF	Yes	CHF 100	CHF equivalent of EUR 500,000	CHF equivalent of EUR 5,000	0.45%	New	Accumulating
Class Id CHF (Clean)	CHF	Yes	CHF 100	CHF equivalent of EUR 500,000	CHF equivalent of EUR 5,000	0.45%	New	Distributing
Class I USD (Clean)	USD	Yes	USD 100	USD equivalent of EUR 500,000	USD equivalent of EUR 5,000	0.45%	New	Accumulating
Class Id USD (Clean)	USD	Yes	USD 100	USD equivalent of EUR 500,000	USD equivalent of EUR 5,000	0.45%	New	Distributing
Class I JPY (Clean)	JPY	Yes	JPY 100	JPY equivalent of EUR 500,000	JPY equivalent of EUR 5,000	0.45%	New	Accumulating
Class Id JPY (Clean)	JPY	Yes	JPY 100	JPY equivalent of EUR 500,000	JPY equivalent of EUR 5,000	0.45%	New	Distributing
Class I SGD (Clean)	SGD	Yes	SGD 100	SGD equivalent of EUR 500,000	SGD equivalent of EUR 5,000	0.45%	New	Accumulating
Class Id SGD (Clean)	SGD	Yes	SGD 100	SGD equivalent of EUR 500,000	SGD equivalent of EUR 5,000	0.45%	New	Distributing

Class I HKD (Clean)	HKD	Yes	HKD 100	HKD equivalent of EUR 500,000	HKD equivalent of EUR 5,000	0.45%	New	Accumulating
Class Id HKD (Clean)	HKD	Yes	HKD 100	HKD equivalent of EUR 500,000	HKD equivalent of EUR 5,000	0.45%	New	Distributing
Class I SEK (Clean)	SEK	Yes	SEK 100	SEK equivalent of EUR 500,000	SEK equivalent of EUR 5,000	0.45%	New	Accumulating
Class Id SEK (Clean)	SEK	Yes	SEK 100	SEK equivalent of EUR 500,000	SEK equivalent of EUR 5,000	0.45%	New	Distributing
Class M EUR	EUR	No	EUR 100	N/A	N/A	N/A	New	Accumulating
Class Md EUR	EUR	No	EUR 100	N/A	N/A	N/A	New	Distributing
Class M GBP	GBP	Yes	GBP 100	N/A	N/A	N/A	New	Accumulating
Class Md GBP	GBP	Yes	GBP 100	N/A	N/A	N/A	New	Distributing
Class M CHF	CHF	Yes	CHF 100	N/A	N/A	N/A	New	Accumulating
Class Md CHF	CHF	Yes	CHF 100	N/A	N/A	N/A	New	Distributing
Class M USD	USD	Yes	USD 100	N/A	N/A	N/A	New	Accumulating
Class Md USD	USD	Yes	USD 100	N/A	N/A	N/A	New	Distributing
Class M JPY	JPY	Yes	JPY 100	N/A	N/A	N/A	New	Accumulating
Class Md JPY	JPY	Yes	JPY 100	N/A	N/A	N/A	New	Distributing

Class M SGD	SGD	Yes	SGD 100	N/A	N/A	N/A	New	Accumulating
Class Md SGD	SGD	Yes	SGD 100	N/A	N/A	N/A	New	Distributing
Class M HKD	HKD	Yes	HKD 100	N/A	N/A	N/A	New	Accumulating
Class Md HKD	HKD	Yes	HKD 100	N/A	N/A	N/A	New	Distributing
Class R EUR	EUR	No	EUR 100	EUR 10,000	EUR 1,000	1.2%	New	Accumulating
Class Rd EUR	EUR	No	EUR 100	EUR 10,000	EUR 1,000	1.2%	New	Distributing
Class R GBP	GBP	Yes	GBP 100	EUR 10,000	GBP equivalent of EUR 1,000	1.2%	New	Accumulating
Class Rd GBP	GBP	Yes	GBP 100	EUR 10,000	GBP equivalent of EUR 1,000	1.2%	New	Distributing
Class R CHF	CHF	Yes	CHF 100	CHF equivalent of EUR 10,000	CHF equivalent of EUR 1,000	1.2%	New	Accumulating
Class Rd CHF	CHF	Yes	CHF 100	CHF equivalent of EUR 10,000	CHF equivalent of EUR 1,000	1.2%	New	Distributing
Class R USD	USD	Yes	USD 100	USD equivalent of EUR 10,000	USD equivalent of EUR 1,000	1.2%	New	Accumulating
Class Rd USD	USD	Yes	USD 100	USD equivalent of EUR 10,000	USD equivalent of EUR 1,000	1.2%	New	Distributing

Class R JPY	JPY	Yes	JPY 100	JPY equivalent of EUR 10,000	JPY equivalent of EUR 1,000	1.2%	New	Accumulating
Class Rd JPY	JPY	Yes	JPY 100	JPY equivalent of EUR 10,000	JPY equivalent of EUR 1,000	1.2%	New	Distributing
Class R SGD	SGD	Yes	SGD 100	SGD equivalent of EUR 10,000	SGD equivalent of EUR 1,000	1.2%	New	Accumulating
Class Rd SGD	SGD	Yes	SGD 100	SGD equivalent of EUR 10,000	SGD equivalent of EUR 1,000	1.2%	New	Distributing
Class R HKD	HKD	Yes	HKD 100	HKD equivalent of EUR 10,000	HKD equivalent of EUR 1,000	1.2%	New	Accumulating
Class Rd HKD	HKD	Yes	HKD 100	HKD equivalent of EUR 10,000	HKD equivalent of EUR 1,000	1.2%	New	Distributing
Class R SEK	SEK	Yes	SEK 100	SEK equivalent of EUR 10,000	SEK equivalent of EUR 1,000	1.2%	New	Accumulating
Class Rd SEK	SEK	Yes	SEK 100	SEK equivalent of EUR 10,000	SEK equivalent of EUR 1,000	1.2%	New	Distributing

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 31 March, 2023 until 5.30 p.m. (Irish time) on 28 February 2025, or such other dates as the Directors and/or the Manager may determine and notify to the Central Bank.

SCHEDULE II

Product name: Algebris Strategic Credit Fund (the "Fund")

Legal entity identifier: 549300LJBAHRWCAUXS13

Sustainable investment objective

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**. That Regulation 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 **sustainable investments with an environmental objective**: 30%*	☐ 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 environmentally sustainable under 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 qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☒ It will make a minimum of **sustainable investments with a social objective**: 10%*	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

*In normal market circumstances, the Fund commits to having a minimum commitment of 80% to investment in sustainable investments which is comprised of (i) a minimum of 30% in sustainable investments with an environmental objective (that are not aligned with the EU Taxonomy); (ii) a minimum of 10% in sustainable investments with a social objective; and (iii) the remaining 40% will be allocated between other environmental and/or social sustainable investments but with no fixed allocation as this will depend on the availability of sustainable investments and the fact that some investments contribute to both environmental and social objectives. For the avoidance of doubt, in the event of high market volatility and to the extent permitted under SFDR, the Fund may invest substantially in deposits solely for the purposes of hedging and liquidity as further detailed under the section of the Supplement entitled "Investment Policy".

What is the sustainable investment objective of this financial product?

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

The Fund has sustainable investment as its objective within the meaning of Article 9 of the SFDR. The sustainable investment objective of the Fund is to make a positive impact on worldwide environmental sustainability and social standards through investing in debt securities of global listed companies which make a positive impact on the world (as measured by a positive contribution to one or more of the UN Sustainable Development Goals ("**SDGs**")) while at the same time having a low environmental footprint and operating within the environmental boundaries that support sustainable planetary thriving. In addition to the sustainable investment objective, the Fund aims to generate an attractive level of income and positive risk-adjusted returns in the medium-to-long term.

The Fund has identified a set of themes ("**ESG Themes**") and associated sectors that offer sustainable solutions to challenges presented which such information is based on the Manager's research of legitimate and reputable sources. These are:

(1) **Theme 1 – Clean Energy and Energy Efficiency:** The Fund aims to contribute to global efforts towards addressing the access to clean energy and cooking fuels by investing in companies that offer products or services that are instrumental to the green energy transitions, including but not limited to: renewables and clean energy solutions; energy efficiency products and services; energy storage solutions. This theme is closely connected to the UN Sustainable Development Goal ("**UN-SDG**") or ("**SDG**") of Affordable and Clean Energy ("**SDG 7**").

(2) **Theme 2 – Clean Water Tech and Sanitation:** The Fund aims to contribute to global efforts in addressing water scarcity and inadequate sanitation by investing in companies offering products/services that enable more efficient use, consumption, or treatment of water, including but not limited to: water utilities, desalination, water pipes, and infrastructure, smart meters, and water treatment activities. This theme is closely connected to UN-SDG of Affordable and Clean Water and Sanitation ("**SDG 6**").

(3) **Theme 3 – Protection of Biodiversity and Marine Resources**: The Fund aims to contribute to global efforts towards addressing biodiversity loss, ocean acidification, deforestation, air pollution, species extinction and land degradation by investing in companies offering products/services with potential to reduce the threat of biodiversity loss including but not limited to: forest carbon sequestration, clean air, ocean aquaculture activities and environmental engineering. This theme is closely connected to UN-SDG of Life on Land ("**SDG 15**") and Life Below Water ("**SDG 14**").

(4) **Theme 4 – Sustainable Agriculture and Food:** The Fund aims to contribute to global efforts towards addressing 'peak phosphorus' (the point at which humanity reaches the maximum global production rate of phosphorus as a raw material) by investing in companies that offer products/services with the potential to increase the productivity and reduce the environmental impact of agriculture, including but not limited to: precision and vertical farming, animal health, genetic seed editing, plant-based protein/lab grown meat, sustainable food production. This theme is closely connected to UN-SDG of Zero Hunger ("**SDG 2**").

(5) **Theme 5 – Waste Disposal and Circular Economy:** The Fund aims to contribute to the global efforts to transitioning to a circular economy by investing in companies that contribute to this by offering products/services that contribute to this transition by enabling increased recycling and reducing the environmental impact of waste, including but not limited to: waste management services, recycling services; waste to energy solutions, plastic reduction, paper and packaging; sustainable and/or carbon negative consumer goods. This theme is closely connected to the UN-SDG of Responsible Consumption and Production ("**SDG 12**").

(6) **Theme 6 – Health and Wellbeing:** The Fund aims to contribute to global efforts towards addressing inadequate access to medicines, lack of essential health care and the increasing healthcare demands globally due to the aging population in developed countries, as well as pollution deaths, by investing in companies offering products services that can contribute to enhanced efficiency, delivery, and personalization/precision of healthcare services including but not limited to: pharma and biotech; healthcare providers, telemedicine, wellness provides, health digital technologies; digital health; life science; air quality solutions. This theme is closely connected to the UN-SDG of Good Health and Wellbeing ("**SDG 3**").

(7) **Theme 7 – Skills and Education:** The Fund aims to contribute to global efforts towards addressing the challenge of a growing education deficit by investing in companies engaging in activities that have the potential to increase availability and affordability of quality education including but not limited to: mobile learning, digital skills app platforms, massive open online courses, corporate training and development, services for vocational education and employment; media services. This theme is closely connected to the UN Sustainable Development Goal of Quality Education ("**SDG 4**").

(8) **Theme 8 – Industry, Innovation and Digitalization:** digital technologies and solutions will play a central role in the structural shift of our economy towards a more environmentally and socially sustainable model. The Fund therefore envisages to invest also in firms offering digital solutions and technologies instrumental to the themes described above, including but not limited to: IT hardware and software solutions, industrials; machinery; semiconductor capital equipment (such as semiconductors) and related equipment; electric vehicles and batteries; electrical equipment. This theme is closely connected to the UN Sustainable Development Goals of Industry, Innovation and Infrastructure ("**SDG 9**") and Sustainable Cities and Communities ("**SDG 11**").

The Fund's investment universe is comprised of sectors and companies that will be central to achieving the shift to a more sustainable model of economic activity, by providing solutions to the trade-off between planetary boundaries and minimum social needs. The Fund aims to invest in companies that contribute to one or more of the ESG Themes, however investors should note that (subject to the binding criteria detailed below) an investee company may still be eligible for the Fund's portfolio despite being outside of the ESG Themes, provided the investment in such investee companies is a "sustainable investment" as defined in Article 2 (17) of SFDR.

The Fund may invest in securities issued by financial institutions. Financial institutions are the gatekeepers to sustainable development due to the key role they play in allocating finances for the functioning of the economy. As a result, they can contribute to channelling private investment towards the transition to a climate-neutral, climate-resilient, resource efficient and fair economy. To be eligible as an investment in the Fund, financial institutions must not be on any of the ESG exclusion lists applicable to the Fund and have at least 20% of their revenue aligned with one or more of the SDGs. On top of that, the Fund targets financial institutions that are more environmentally conscious in their lending and financing policies than the general sector: as such, to be eligible for investment by the Fund, financial institutions should have credible coal policy, arctic oil policy and oil sands policy. Lastly, they should either be a member of the Net Zero Banking Alliance (or equivalent sector initiative) or have a set Science Based Target reviewed by the SBTi and/or other credible science-based emission reduction targets.

No reference benchmark has been designated for the purpose of attaining the sustainable investment objective of the Fund.

- ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

The sustainable investment objective of the Fund has both a social and an environmental focus, as the Fund aims to invest in companies that contribute to the UN SDGs while at the same time having a low environmental footprint and operating within the environmental boundaries that support sustainable planetary thriving.

The sustainability indicators used to measure the attainment of the Fund's sustainable investment objective are the following:

(1) Social Impact

(i) **Portfolio Level**: Only companies that derive at least 20% of the enterprise value (or sales, EBIT or EBITDA) from activities that contribute positively towards one or more of the SDGs are eligible to be in the Fund's portfolio. At a portfolio level, the sustainability indicator that will be used to measure attainment of this component of the sustainable investment objective is the aggregate alignment to the SDGs related to the eight ESG Themes. This will be measured by calculating the average of the portfolio companies' revenue alignment to each SDG weighted by the amount invested.

(ii) **Individual ESG Themes**: At the level of each individual ESG Theme, the reference sustainability indicator will be the share of investments in companies deriving at least 20% of their enterprise value (or sales, EBIT, or EBITDA) from activities aligned with each of the SDGs listed in the relevant ESG Theme above.

(2) Environmental Consciousness

(i) Planetary Boundaries

The Manager will scrutinize the environmental impact of the investee companies' operations and products, to verify that these do not overshoot the planetary boundaries framework identified by the Manager (the "**Planetary Framework**").

The Planetary Framework identifies limits for resources used and emissions per unit of economic value creation (the "**Economic Intensities**") that can be used to evaluate a company's operation against five planetary boundaries (climate change; ocean acidification; ozone depletion; nutrients and organic pollutants; and freshwater use) (each a **Boundary** and together the **Boundaries**).

Using environmental data sourced from ESG third party data providers (**Data Providers**) and internal research, the Manager assesses companies' economic intensity against each Boundary's threshold and if a company's economic intensity exceeds one of the Thresholds this will be flagged as "overshooting" the Planetary Boundaries (the "**Overshoot**").

Performance over the five Boundaries is aggregate for each company into a proprietary index, and companies that Overshoot on more than two Boundary thresholds will be considered as 'failing' the Planetary Boundaries screening.

(ii) Science Based Emission Reduction Target and other targets

When assessing compliance with the Climate Change Boundary, the Manager also take into account whether the company has set a science-based emission reduction target ("**SBT**") and/or other relevant environmental targets.

Companies that are found to Overshoot, but that have set a SBT are considered as *not* overshooting the relevant Boundary(ies).

The reference sustainability indicators that will be used to measure attainment of this component of the sustainable investment objective are:

(A) the share invested in companies Overshooting respectively 0, 1, 2, or more than 2 Boundaries;

(B) the share invested in companies with approved SBT and/or with explicit commitments to set a Science Based emission reduction Targets; and

(C) the share invested in companies with other environmental targets relevant to the Planetary Boundaries framework (e.g. pollution reduction targets, or water usage reduction targets)

A company that fails the Planetary Boundaries screening will not automatically be excluded from the Fund provided the Manager deems there to be potential for remediation through enhanced engagement activities with the company. The Manager in any event will aim to keep the share of 'failing' companies in the Fund's portfolio to a minimum.

(3) Broader ESG Best-In-Class Screening

The Manager will also perform a broader ESG due diligence to establish the degree to which ESG factors are integrated in the prospective investees' business operations, managerial practices, and organizational developments. For each sector that it invests in, the Fund aims at keeping the average ESG score of companies selected as part of the portfolio above the respective average score of the sectors where the investees operate. Companies exhibiting a global ESG score in the bottom 15% of the relative sector's ESG scores distribution will be excluded from the investment universe (ESG Best-in-Class).

The reference sustainability indicators that will be used to measure the attainment of this component of the Sustainable investment objective are: (1) the share invested in companies exhibiting ESG scores in the bottom 15% of the respective sector; (2) the average ESG score (and E, S, and G pillar scores) of the portfolio compared to the same metrics for the universe.

In limited and rare occasions, exemptions to the general rules outlined above might be considered in accordance with the Manager's ESG exemption policy which is included in its ESG exclusion policy.

(4) Net Zero AuM

The Manager is a signatory of the Net Zero Asset Managers Initiative ("**NZAM**") and has set an initial target of 57% of its total AuM to be managed in line with attaining net zero emissions by 2050 or sooner (the "**Initial Target**") which will be reviewed at least every five years. The Fund is part of the Manager's Initial Target and will in accordance with NZAM:

- set an interim decarbonization target for 2030 consistent with a fair share of 50% global reduction in CO2 identified as a requirement in the Intergovernmental Panel on Climate Change ("**IPCC**") special report on global warming of 1.5°C. This target will be set using one of the following methodologies: (1) the Paris Aligned Investment Initiative Net Zero Investment Framework; (2) the Science Based Targets Initiative for Financial Institutions; or (3) the Net Zero Asset Owner Alliance Target Setting Protocol.
- Prioritise the achievement of real economy emissions reductions within the sectors and companies in which the Fund invests.

How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?

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.

In order to ensure that the sustainable investments that the Fund makes do not cause significant harm to any environmental or social sustainable objective ("**DNSH Test**") the Manager assesses each investment against a set of indicators of adverse impacts (the "**PAI Assessment**"). The PAI Assessment utilises a range of data sources across climate and other environmental related indicators ("**Environmental Indicators**") and social related indicators ("**Social Indicators**").

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

(1) <u>Environmental Indicators</u>

The following Environmental Indicators are measured by the Fund and the actions detailed below are taken in order to ensure that the DNSH Test is satisfied for sustainable investments with an environmental objective.

- ***<u>Indicator and Metric:</u>*** **The greenhouse gas ("GHG") emissions of the investee companies ("PAI 1"):** the Manager will measure the total GHG emissions of the investee company using the 'scope 1, 2 and 3 GHG emissions' definition prescribed by SFDR and calculated in accordance with the following formula:

$$\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{investee\ company's\ enterprise\ value_i} \times investee\ company's\ Scope(x)\ GHG\ emissions_i\right)$$

- **The carbon footprint of the investee companies ("PAI 2"):** the Manager will measure the carbon footprint of the investee company, with the carbon footprint being calculated in accordance with the following formula:

$$\frac{\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{investee\ company's\ enterprise\ value_i} \times investee\ company's\ Scope\ 1,2\ and\ 3\ GHG\ emissions_i\right)}{current\ value\ of\ all\ investments\ (€M)}$$

- **The GHG intensity of the investee companies ("PAI 3"):** the Manager will measure the GHG intensity of investee companies with GHG intensity being calculated in accordance with the following formula:

$$\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{current\ value\ of\ all\ investments\ (€M)} \times \frac{investee\ company's\ Scope\ 1,2\ and\ 3\ GHG\ emissions_i}{investee\ company's\ €M\ revenue_i}\right)$$

- **Exposure to companies active in the fossil fuel sector ("PAI 4"):** the Manager will measure the share of investments the Fund makes in companies active in fossil fuel sectors. 'Fossil fuel sectors' means sectors of the economy which produce, process, store or use fossil fuel as defined in Article 2(62) of Regulation (EU) 2018/1999 of the European Parliament and of the Council.

- **Share of non-renewable energy consumption and production ("PAI 5"):** the Manager will measure the investee companies' share of non-renewable energy consumption and non-renewable energy production from non-renewable energy sources compared to renewable energy sources expressed as a percentage.

- **Energy consumption intensity per high impact climate sector ("PAI 6"):** the Manager will measure the investee companies' energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector. 'High impact climate sector' means the sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council.

- **Activities negatively affecting biodiversity-sensitive areas ("PAI 7"):** the Manager will measure the share of investments by the Fund in investee companies with sites and/or operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas.

- **Emissions to water ("PAI 8"):** the Manager will measure the tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average.

- **Hazardous waste ration ("PAI 9"):** the Manager will measure the tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average.

- **Investments in companies without carbon emission reduction initiatives (“PAI 10”):** the Manager will measure the share of investments in investee companies without carbon emission reduction initiatives aimed at aligned with the Paris Agreement adopted under the UN Framework Convention on Climate Change.

Social Indicators

The following Social Indicators are used in order to ensure that the sustainable investments that the Fund makes do not cause significant harm to any social sustainable objective:

- **Violations of UN Global Compact (“UNGC”) principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (“PAI 11”):** The Manager will measure the share of investments the Fund makes in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for multinational enterprises.

- **Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises (“PAI 12”):** The Manager will measure the share of investments the Fund makes in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.

- **Unadjusted gender pay gap (“PAI 13”):** the Manager will measure the average unadjusted gender pay gap of investee companies of the Fund.

- **Board gender diversity (“PAI 14”):** the Manager will measure the ratio of female to male board members in investee companies of the Fund.

- **Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) (“PAI 15”):** the Manager will measure the share of investments the Fund makes in investee companies involved in the manufacture or selling of controversial weapons.

- **Lack of anti-corruption and anti-bribery policies (“PAI 16”):** the Manager will measure the share of investments in investee companies that do not have polices on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption.

If the value of a quantitative Environmental Indicator or Social Indicator is above or below a threshold set by the Manager, or if the conditions set for a qualitative Environmental Indicator or Social Indicator are not fulfilled, this would be considered significant harm for the purpose of PAIs 1 to 16, and would lead the investment being excluded, or, depending on the Environmental Indicator or Social Indicator in question, being put on a watchlist in order to assess whether progress is being made towards compliance and/or engage with the issuer. If, within a timeframe as determined by the Manager, no progress has been made, the Manager will divest, taking due account of the best interests of the Fund and its shareholders.

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

The Fund ensures that the sustainable investments are in undertakings which have implemented procedures to ensure alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights as assessed by one or more Data Providers.

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

✖ Yes, the Manager considered the 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 policies; 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.

☐ 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 sustainable investment objective of the Fund is to make a positive impact on worldwide environmental sustainability and social standards through investing in debt securities of global listed companies which make a positive impact on the world as measured by a positive contribution to one or more of the SDGs while at the same time having a low environmental footprint and operating within the environmental boundaries that support sustainable planetary thriving.

Further information on the sustainable investment objective, investment policy and investment strategy of the Fund including the asset classes in which the Fund may invest is detailed in the Supplement for this Fund and should be read in conjunction with and in the context of this Annex.

To achieve its sustainable investment objective, the Fund considers material ESG factors throughout the investment process from the definition of the relevant investment universe all the way to stock picking and portfolio construction. The Fund's ESG investment framework includes a combination of:

(i) Strict ESG exclusion Policies;

(ii) Monitoring of ESG controversies

(iii) ESG best in class screening on companies' operations and business practices

(iv) Positive screening for environmental and social impact (SDG alignment and contribution);

(v) Active ESG engagement and voting.

These principles are integrated, on a best-efforts basis, into the investment controls where possible and reviewed on a regular basis by the Manager. Where any of the requirements are not met, the 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 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.

The strategy aims to take advantage of mispriced opportunities by constructing a diversified portfolio across sectors addressing the above ESG Themes. 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; (viii) a change in overall risk appetite; or (ix) a change in valuation methodology.

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. In order to determine the composition and diversification of the investment portfolio, a bottom-up selection process will be applied. A bottom-up approach involves a 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.

- ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

(1) Positive Screenings

a. Social Impact

The Manager will measure the extent to which the activities of the investee companies of the Fund align and contribute to one or more of the UN-SDGs.

This assessment will investigate what share of the investee company's revenues derive from activities positively contributing to one or more SDGs, while at the same time checking whether the investee company also operates any business lines potentially conflicting with the SDGs. Only companies that derive at least 20% of the enterprise value (or sales, EBIT or EBITDA) from activities that contribute positively towards one or more of the SDGs will be eligible. The Fund will undertake this assessment through the use of SDG revenue alignment data covering approximately 18,000 companies, from an established Data Providers complemented by the Manager's internal research based on public information and dialogue with the relevant company. In case any company deemed of interest is not covered by third party data, an internal assessment will be conducted to establish the degree of revenue alignment with the SDGs, based on public information and dialogue with the relevant company.

b. Environmental Consciousness

The Manager will scrutinize the environmental impact of the investee companies' operations and products, to verify that these are compatible with not overshooting environmental boundaries. This analysis will be underpinned by a collection of the environmental key performance indicators (KPIs) at investee company level. These KPIs will be used to construct an index of environmental performance, which the Manager will use to rate the sustainability of companies' operations.

c. ESG Best-In-Class

The Manager will also perform a broader ESG due diligence to establish the degree to which ESG factors are integrated in the prospective investees' business operations, managerial practices, and organizational developments. For each sector that it invests in, the Fund aims at keeping the average ESG score of companies selected as part of the portfolio above the respective average score of the sectors where the investees operate. Companies who's global ESG score falls in the bottom 15% of the relative sector's ESG scores distribution will be excluded from the investment universe.

(2) Exclusion Policies

The Fund is subject to the Manager's firm-level exclusion policy detailed below:

Ethical ESG Exclusions

a. **Controversial Weapons:** No investments are 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 issued by the top global investors in nuclear weapons and cluster weapons as defined in the Manager's exclusion policies and procedures.

b. **Predatory Lending:** No investments are allowed in companies that: (i) derive any revenues (0% threshold) from predatory lending activities; and/or (ii) have significant ownership in companies under (i).

c. **Tobacco:** No investment is allowed in companies that: (i) derive any revenues from the manufacturing of tobacco product; and/or (ii) derive at least 5% of revenues from supply of tobacco-related products or services; and/or (iii) have a significant ownership in companies under (i) or (ii).

d. **Alcohol:** No investment is allowed in companies that: (i) derive at least 5% of revenues from production of alcoholic beverages and related products or services; and/or (ii) have a significant ownership in companies under (i).

e. **Gambling**: No investments allowed in companies that: (i) derive at least 5% of revenues from gambling operations, gambling specialized equipment and supporting products or services; and /or (ii) have a significant ownership in companies under (i).

f. **Military Contracting**: No investments allowed in companies that: (i) derive at least 5% of revenues from military contracting; and /or (ii) have a significant ownership in companies under (i).

g. **Small Arms:** No investments allowed in companies that: (i) derive at least 5% of revenues from production of small arms; and/or (ii) at least 10% revenues from retail and distribution of small arms; and/or (iii) have a significant ownership in companies under (i) or (ii).

Climate ESG Exclusions

h. **Thermal Coal:** No investments allowed in companies that: (i) derive any revenues (0% threshold) from the extraction of thermal coal, and/or (ii) derive any revenues (0% threshold) from thermal coal power generation; and/or (iii) have a significant ownership in companies under (i) or (ii). In addition, the Fund will not knowingly invest in debt or equity issued by the top-5 equity and bondholders in coal power plant developers, nor in the banks providing the largest share of lending to coal mining. Further, the Fund will not invest in companies that are listed on the Global Coal Exit List (GCEL) as having coal power or coal mining expansion plans – regardless of the share of revenues they derive from thermal coal.

i. **Unconventional Oil and Gas:** No investments in companies: (i) deriving any (0% threshold) revenues from exploration/extraction of either Tar Sands or Arctic Oil; and (ii) any company having a significant ownership in the companies excluded under (i).

j. **Conventional Oil and Gas:** No investments in companies that: (i) derive any (0% threshold) revenues from the production of conventional oil and gas; and/or (ii) companies that derive more than 40% of revenues from conventional oil and gas power generation.

Normative ESG Exclusion

k. **UNGC*:*** The Fund is subject to a screening that evaluates the alignment of investee companies with the 10 Principals of the UNGC. The Manager's ESG research team carries out a UNGC screening underpinned by data from Data Providers, as well as internal research. The aim of the Manager's UNGC screening is to minimize exposure to companies with especially poor practices in key UNGC-relevant areas and identify potential issues on which to engage with companies in the portfolio.

From an operational standpoint, the UNGC screening restricts investment in companies that are identified to be involved in very serious violations of any of the UNGC principles (human rights, labour rights, non-discrimination, environment, corruption). The Manager defines a very serious violation as the case of a company being involved in persistent UNGC-related controversies, where the controversy is of critical severity and the company is non-reactive.

Although the Fund does not intend to invest directly in ordinary equity securities; these may be acquired and held by the Fund in the event of a conversion (as further detailed in the section of the Supplement entitled "Investment Policy"). For the avoidance of any doubt, an ordinary equity acquired and held by the Fund as result of such a conversion will be subject to the same ESG framework and binding elements that are detailed in the Supplement including this Schedule II.

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

(3) Engagement and Voting

The Manager encourages good governance and sustainable corporate practices, which contribute to long-term value creation. The Manager's Proxy Voting Policy and Shareholder Engagement Policy set the principals to be applied for determining when and how any voting rights held in respect of investments are exercised.

The 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 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.

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

The Manager assesses the governance practices of investee companies through a variety of scores covering various aspects of firm-level governance, sourced 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 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 Manager monitors a number of governance related key performance indicators (KPIs) for the investee companies. These include:

- **Sound Management Structures:** an aggregate performance index reflecting anti-crime policies and processes; business ethics; and corporate governance structure and effectiveness.

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

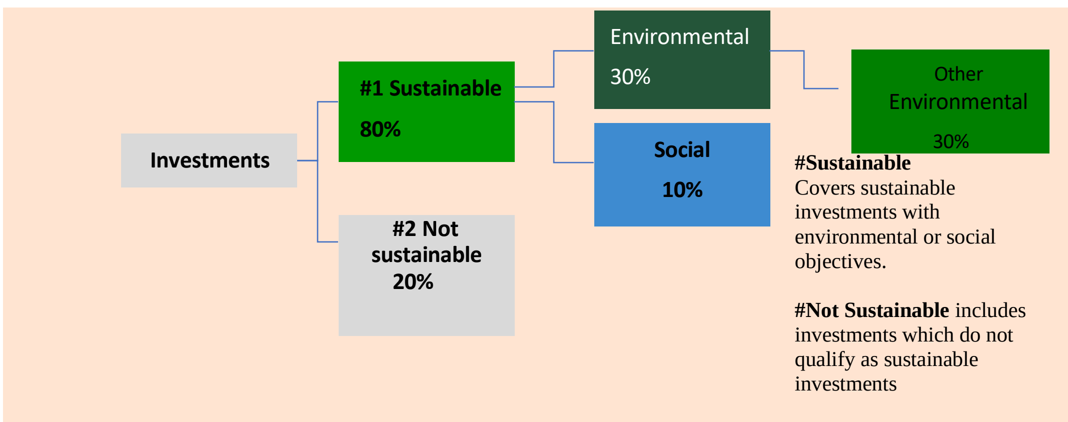
- **Remuneration of Staff:** an aggregate performance index reflecting gender pay gap; and CEO to employee pay ratio.

- **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 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 and the minimum share of sustainable investments?

Asset allocation describes the share of investments in specific assets.



Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The Manager commits to invest a minimum proportion of 80% of the Fund's investments in sustainable investments in order to meet its sustainable investment objective.

This is comprised of (i) a minimum of 30% in sustainable investments with an environmental objective (that are not aligned with the EU Taxonomy); (ii) a minimum of 10% in sustainable investments with a social objective; and (iii) the remaining 40% will be allocated between other environmental and/or social sustainable investments but with no fixed allocation as this will depend on the availability of sustainable investments and the fact that some investments contribute to both environmental and social objectives.

The remaining 20% of investments will be in investments which are used for the purpose of hedging and cash held as ancillary liquidity. Further details on the purpose of such investments are set out below.

- ***How does the use of derivatives attain the sustainable investment objective?***

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully 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.

Whilst the Fund may 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 objectives of the Fund.

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

While the Fund has sustainable investment as its objective, 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.

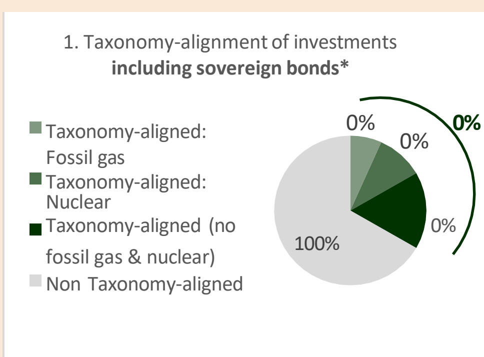
- **Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?**

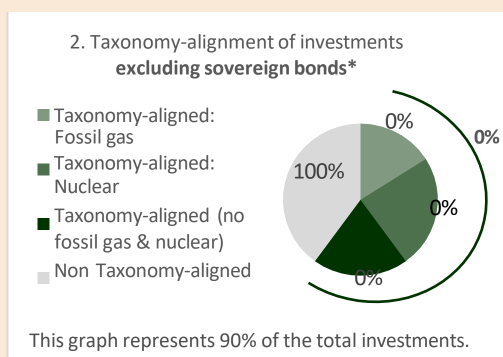
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

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.*

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

0%. There is no commitment to a minimum proportion of investments in transitional and enabling activities.

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

While the sum of sustainable investments with an environmental objective invested and sustainable investments with a social objective invested will add up to the Fund's minimum share of 80% sustainable investments, the minimum share of the Fund's investments in sustainable investments with an environmental objective that are not aligned with the EU Taxonomy will be 30% noting that: (i) 10% will be allocated to sustainable investments with a social objective; and (ii) the remaining 40% will be allocated between other environmental and/or social sustainable investments but with no fixed allocation as this will depend on the availability of sustainable investments and the fact that some investments contribute to both environmental and social objectives.

The Fund invests in sustainable investments with an environmental objective that are not aligned with the EU Taxonomy because the Manager currently does not use the EU Taxonomy classification system in determining whether economic activities contribute to an environmental objective or not.

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

What is the minimum share of sustainable investments with a social objective?

While the sum of sustainable investments with an environmental objective invested and sustainable investments with a social objective invested will add up to the Fund's minimum share of 80% sustainable investments, the minimum share of the Fund's investments in sustainable investments with a social objective will be 10% noting that: (i) 30% will be allocated to sustainable investments with an environmental objective; and (ii) the remaining 40% will be allocated between other environmental and/or social sustainable investments but with no fixed allocation as this will depend on the availability of sustainable investments and the fact that some investments contribute to both environmental and social objectives.

What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?

The "**#Other**" investments made by the Fund include instruments which are used for the purpose of hedging (including currency risk management), and liquidity. These investments include, but are not limited to ancillary liquid assets, financial derivative instruments and cash and cash equivalents.

Whilst these investments may not be aligned with the sustainable investment objective of 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 minimum safeguards.

In respect of cash and cash equivalents held from time to time on an ancillary basis, as well as instruments for hedging purposes. No minimum environmental or social safeguards are applied in respect of these.

Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.

No specific index has been designated for the purpose of attaining the sustainable investment objective of the Fund.

- ***How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?***

N/A

- ***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 website:

https://algebris.com/fund/algebris-sustainable-bond-fund/