

Algebris Allocation Fund (UCITS)

B EUR

January 2020

Terms	
Size (€):	9m
Fund Inception:	20 April 2015
Fund Domicile:	Ireland
Fund Base Currency:	EUR
Dealing Frequency:	Daily
ISIN:	IE00BTLJYG20
Management Fee:	0.5%
Incentive Fee:	10%


Fund Objective

The Algebris Allocation Fund (UCITS) invests primarily in a range of underlying funds. The Fund may be invested in units of funds predominantly managed by Algebris (UK) Limited.

At least 50% of the Fund's assets will be invested in units of UCITS and/or other funds, including alternative investment funds and open-ended exchange traded funds. The remainder of the Fund's assets may be invested directly in fixed income, equity and financial derivative instruments.

The objective of the Fund is to achieve positive absolute returns, primarily from capital appreciation on investments in collective investment schemes, over an investment cycle of approximately 3 to 5 years.

Risk Profile

Lower Risk	Higher Risk					
Typically lower rewards	Typically higher rewards					
						
1	2	3	4	5	6	7

Note: The synthetic risk and reward indicator (SRRI) is based on the historical data and may not be a reliable indication for the future. It is calculated using the volatility of the Fund's weekly performance over a five-year period. A score of 3 means the Fund's historic volatility is between 2% and 5%.

Fund Information	
Exposure to Underlying Funds	93%
No. of Underlying Funds	6
Exposure to Direct Investments	0%
Cash	7%
Total	100%

Note: Cash includes Money Market Funds and short dated government bonds
Source: Algebris (UK) Limited

Performance Analytics	
Return Since Inception	6.9%
Annualised Return	n/a
Annualised Volatility	n/a
Sharpe Ratio	n/a

Note: Figures are based on returns for the B EUR share class, net of management fees, incentive fees and operating expenses. Past performance is not a guarantee of future results. Share class inception date: 21 February 2019. Source: HSBC Securities Services (Ireland) DAC, Morningstar

Performance History (Net) % - B EUR													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019		0.32	-0.09	1.64	-1.60	1.47	0.57	-0.56	1.68	1.05	1.10	0.69	6.40
2020	0.48												0.48

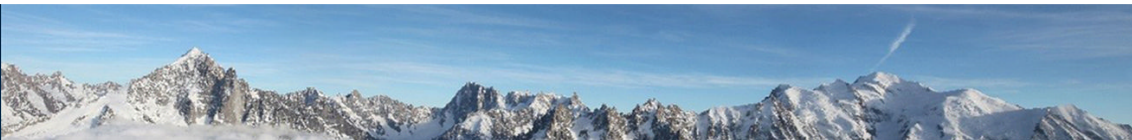
Note: Returns are net of management fees, incentive fees and operating expenses. Prices are published daily on Bloomberg. Past performance is not a guarantee of future results.
Source: HSBC Securities Services (Ireland) DAC, Morningstar

Commentary

- In January the fund returned between +0.34% and +0.53% across the different share classes. After the strong performance last year, following one of the greatest rallies in global credit and equities, 2020 started on a more cautious tone. Growing geopolitical concerns dampened sentiment across global equities due to several factors, from the killing of Iranian General Soleimani and its ensuing ramifications across the Middle East, political uncertainty in both the UK and Italy, to the mounting apprehension around the coronavirus outbreak which remains difficult to quantify in terms of macroeconomic impact. As a result, EM equities (MXEF Index) ended January down 4.7% with Hong Kong and Shanghai down 8% on average, while gold, one of the natural safe-haven assets, was the best performing in January, up 4.7%
- Credit: January was one of the most active months for issuance in quite some time at EUR52bn, eclipsing last January's amount by c40% with one-third of the difference in dated subordinated securities and the rest in senior non-preferred. Of the five AT1 deals that printed, the most noteworthy was Santander which in the process was able to call the security it had extended almost one year ago. This significantly decreased the perceived extension risk in the AT1 space as it means no outstanding security at present has been extended
- Equity: Following a strong 4Q19 performance, the Algebris Financial Equity Fund saw a pullback in January as we saw value stocks significantly underperform their growth counterparts. In fact, January 2020 was the worst month for value stocks relative to growth in nearly 20 years. Falling bond yields and rising fears of a China-driven slowdown likely caused much of the underperformance at a macro level. However, we would expect the forthcoming earnings season to re-focus investors' minds
- Macro: the Algebris Macro Credit Fund returned between 2.0% and 2.3% across the different share classes (compared to SPX -0.04%, SX5E -2.62%, EUR BAML HY (HE00 Index) 0.24%, US BAML HY (H0A0 Index) 0%, EM bonds (EMGB Index) 1.15%). We began the year defensively positioned in the fund given valuations, focusing performance on alpha/idiosyncratic opportunities. Of the fund's 220bps return in credit, 96bps were from alpha opportunities in Aggregate Holdings, Enquest, Monte dei Paschi, Pemex, Ukraine and UniCredit. The fund's defensive positioning helped protect the fund during the recent coronavirus concerns. We instead took this opportunity to reduce a few hedges towards month end.
- Quant: In a very quiet month from a volatility perspective, Algebris Quant Fund performance was basically flat at -0.20%, which brings performance since the strategy was implemented on 10 May 2019 to 0.99%. The fund finished the month of January with an overall gross exposure close to 50%, focused mainly on continental Europe, as few arbitrage presented themselves in an environment of low dispersion and unfavourable market dynamics for the strategy.
- Italy: The Italian stock market was negatively affected by the developments in the news of coronavirus and its effect on the business worldwide: the FTSE MIB decreased by 1.15 %, while the FTSE Italia Mid Cap index fell by 2.38%. In addition to this, the Italian macro environment still showed fragile conditions, reflected by the weak 4Q preliminary GDP data. On the other hand, a better than expected budget deficit and slight improvements in consumer and manufacturing data should ensure no further downside revisions to growth expectations.

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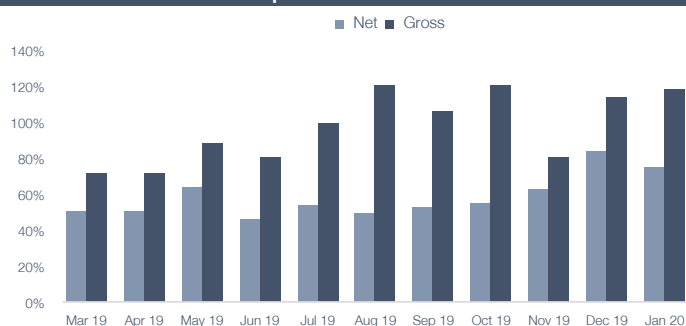
January 2020

Top 5 Positions

Rank	Name	Strategy	Allocation	Performance Contribution
1	Algebris Financial Credit Fund (UCITS)	Financial Credit	18%	0.25%
2	Algebris Financial Income Fund (UCITS)	Financial Income	18%	-0.18%
3	Algebris IG Financial Credit Fund (UCITS)	IG Financial Credit	18%	0.21%
4	Algebris Macro Credit Fund (UCITS)	Macro Credit	16%	0.32%
5	Algebris Quant Arbitrage Fund (UCITS)	Statistical Arbitrage	15%	-0.01%

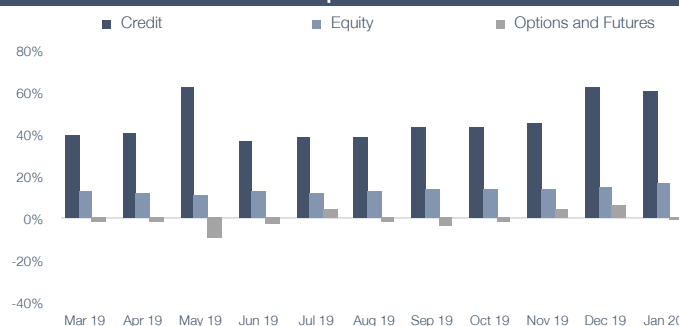
Past performance is not a guarantee of future results. Source: Algebris (UK) Limited

Gross/ Net Historical Exposure



Exposure based on a look-through to the underlying funds' positions. It is calculated on a delta adjusted basis for option positions, on a full notional basis for equity and equity index swaps and futures and is based on market value for CDS positions and interest rate swaps. Excludes cash and equivalents. Source: Algebris (UK) Limited

Asset Class Net Historical Exposure



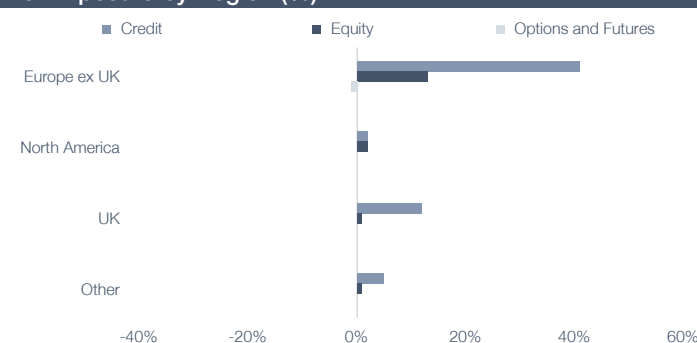
Exposure based on a look-through to the underlying funds' positions. It is calculated on a delta adjusted basis for option positions, on a full notional basis for equity and equity index swaps and futures and is based on market value for CDS positions and interest rate swaps. Excludes cash and equivalents. Source: Algebris (UK) Limited

Net Exposure by Sector (%)

Credit	60%
Financials	50%
Government	6%
Other	5%
Equities	16%
Financials	11%
Consumers	2%
Other	4%
Options and Futures	-1%
Total	75%

Exposure based on a look-through to the underlying funds' positions. It is calculated on a delta adjusted basis for option positions, on a full notional basis for equity and equity index swaps and futures and is based on market value for CDS positions and interest rate swaps. Excludes cash and equivalents. Source: Algebris (UK) Limited

Net Exposure by Region (%)



Exposure based on a look-through to the underlying funds' positions. It is calculated on a delta adjusted basis for option positions, on a full notional basis for equity and equity index swaps and futures and is based on market value for CDS positions and interest rate swaps. Excludes cash and equivalents. Source: Algebris (UK) Limited

About Algebris

Algebris (UK) Limited is a global investment manager with a historical focus on the financial sector across the capital structure. Founded in 2006, Algebris has gradually expanded its expertise and entered the global credit and Italian securities space to capture a broader set of value opportunities. Most recently, Algebris on-boarded a quant team that has embraced a statistical arbitrage strategy based on mean reversion. Algebris has a team of 27 investment professionals and manages EUR 11.9bn AUM (inclusive of committed capital), split between credit and equity investments (data as of 31.01.2020).

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Fund Details					
Share Classes			Identifiers		
Class	Currency	Minimum Initial Investment	ISIN	BBG ticker	
B	EUR	€10,000	IE00BTLJYG20	ALGAABE ID	
	GBP	GBP equivalent of €10,000	IE00BTLJYH37	ALGAABG ID	
	USD	USD equivalent of €10,000	IE00BTLJYK65	ALGAABU ID	
	CHF	CHF equivalent of €10,000	IE00BTLJYJ50	ALGAABC ID	
	SGD	SGD equivalent of €10,000	IE00BTLJYL72	ALGAABS ID	
	JPY	JPY equivalent of €10,000	IE00BD71VJ28	ALGAABJ ID	
I	EUR	€500,000	IE00BTLJY400	ALGAAIE ID	
	GBP	GBP equivalent of €500,000	IE00BTLJY517	ALGAAIG ID	
	USD	USD equivalent of €500,000	IE00BTLJY731	ALGAAIU ID	
	CHF	CHF equivalent of €500,000	IE00BTLJY624	ALGAAIC ID	
	SGD	SGD equivalent of €500,000	IE00BTLJY848	ALGAAIS ID	
	JPY	JPY equivalent of €500,000	IE00BD71VG96	ALGAAIJ ID	
R	EUR	€10,000	IE00BTLJY954	ALGAARE ID	
	GBP	GBP equivalent of €10,000	IE00BTLJYB74	ALGAARG ID	
	USD	USD equivalent of €10,000	IE00BTLJYD98	ALGAARU ID	
	CHF	CHF equivalent of €10,000	IE00BTLJYC81	ALGAARC ID	
	SGD	SGD equivalent of €10,000	IE00BTLJYF13	ALGAARS ID	
	JPY	JPY equivalent of €10,000	IE00BD71VH04	ALGAARJ ID	
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The strategy employed may result in the NAV exhibiting a high level of volatility. This Fund may invest in contingent convertible securities. These securities have unique risks, for example, due to equity conversion or principal write-down features which are tailored to the issuing entity and its regulatory requirements, which means the market value of the securities may fluctuate. Additional risk factors associated with contingent convertible securities are set out in the Fund's Prospectus.

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

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