

**This document is a supplement to the prospectus dated 15 April 2015 (“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 on pages 15 to 40 of the Prospectus. 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 on page iv of the Prospectus 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.**

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**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 FINANCIAL CREDIT FUND**

**31 March, 2016**

**ALGEBRIS UCITS FUNDS PLC**

**ALGEBRIS FINANCIAL CREDIT FUND**

**Directors**

Mr. Alexander Lasagna  
Mr. Carl O’Sullivan  
Mr. Desmond Quigley

**Custodian**

HSBC Institutional Trust Services (Ireland) Limited  
One Grand Canal Square  
Grand Canal Harbour  
Dublin 2  
Ireland

**Registered Office**

33 Sir John Rogerson’s Quay  
Dublin 2  
Ireland

**Legal Advisers in Ireland**

Dillon Eustace  
33 Sir John Rogerson’s Quay  
Dublin 2  
Ireland

**Investment Manager, Distributor and Administrator, Registrar and Transfer Agent Promoter**

Algebris Investments (UK) LLP  
7 Clifford Street  
London  
W1S 2FT  
England

HSBC Securities Services (Ireland) Limited  
One Grand Canal Square  
Grand Canal Harbour  
Dublin 2  
Ireland

**Chartered Accountants and Registered Company Secretaries and Auditors**

KPMG  
1 Harbourmaster Place  
IFSC  
Dublin 1  
Ireland

Tudor Trust Limited  
33 Sir John Rogerson’s Quay  
Dublin 2  
Ireland

## DEFINITIONS

“Accumulating Classes”	means Class I EUR, Class M EUR, Class R EUR, Class XXL EUR, Class Z EUR, Class W EUR, Class I GBP, Class M GBP, Class R GBP, Class XXL GBP, Class Z GBP, Class W GBP, Class I CHF, Class M CHF, Class R CHF, Class XXL CHF, Class Z CHF, Class W CHF, Class I USD, Class M USD, Class R USD, Class XXL USD, Class Z USD, Class W USD, Class I SGD, Class M SGD, Class R SGD and Class XXL SGD, Class Z SGD and Class W SGD Shares in the Fund.
“Adjusted NAV”	means the Net Asset Value per Share of the Class I and Class R Distributing Classes after the deduction of the Management Fee and all other payments and expenses but before the deduction of any accrued Performance Fee at the end of a Performance Period adjusted by the aggregate amount of all distributions per Share declared in respect of the relevant Distributing Class since the initial issue of Shares in that Class.
“Adjusted High Water Mark”	means the previous highest of (i) the highest Adjusted NAV of the Class I and Class R Distributing Classes (before any accrual for the Performance Fee) at the end of any previous Performance Period (occurring on a quarter end) on which the Performance Fee was paid; and (ii) the Initial Offer Price of the relevant Distributing Class.
“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 SGD and Class Id SGD Shares in the Fund.
“Class M”	means Class M EUR, Class Md EUR, Class M GBP, Class Md GBP, Class M CHF, Class Md CHF, Class M USD, Class Md USD, Class M SGD and Class Md SGD Shares in the Fund.
“Class R”	means Class R EUR, Class Rd EUR, Class R GBP, Class Rd GBP, Class R CHF, Class Rd CHF, Class R USD, Class Rd USD, Class R SGD and Class Rd SGD Shares in the Fund.
“Class W”	means Class W EUR, Class Wd EUR, Class W GBP, Class Wd GBP, Class W CHF, Class Wd CHF, Class W USD, Class Wd USD, Class W SGD and Class Wd SGD Shares in the Fund.
“Class Z”	means Class Z EUR, Class Zd EUR, Class Z GBP, Class Zd GBP, Class Z CHF, Class Zd CHF, Class Z USD, Class Zd USD, Class Z SGD and Class Zd SGD Shares in the Fund.
“Class XXL”	means Class XXL EUR, Class XXLd EUR, Class XXL GBP, Class XXLd GBP, Class XXL CHF, Class XXLd CHF, Class XXL USD, Class XXLd USD, Class XXL SGD and Class XXLd SGD Shares in the Fund.

“Distributing Classes”	means Class Id EUR, Class Md EUR, Class Rd EUR, Class XXLd EUR, Class Zd EUR, Class Wd EUR, Class Id GBP, Class Md GBP, Class Rd GBP, Class XXLd GBP, Class Zd GBP, Class Wd GBP, Class Id CHF, Class Md CHF, Class Rd CHF, Class XXLd CHF, Class Zd CHF, Class Wd CHF, Class Id USD, Class Md USD, Class Rd USD, Class XXLd USD, Class Zd USD, Class Wd USD, Class Id SGD, Class Md SGD, Class Rd SGD and Class XXLd SGD, Class Zd SGD and Class Wd SGD Shares in the Fund.
“Fund”	means the Algebris Financial Credit Fund.
“High Water Mark”	means the previous highest of (i) the highest Net Asset Value per Share of the Class I and Class R Accumulating Classes (before any accrual for the Performance Fee) at the end of any previous Performance Period (occurring on a quarter end) on which the Performance Fee was paid; and (ii) the Initial Offer Price of the relevant Accumulating Class.
“Performance Period”	means a calendar quarter ending on 31 March, 30 June, 30 September and 31 December (each a quarter end) in each year, save that the first Performance Period will commence upon the initial issue of Class 1 Shares and will end on the following quarter end.

Please also see “Dealings in the Fund” for further definitions.

## INVESTMENT OBJECTIVE AND POLICY

### Investment Objective

The Fund's objective is to provide a high level of income and generate modest capital appreciation.

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

### Investment Policy

To achieve the investment objective, the Fund's assets will be invested in the financial sector globally, primarily in fixed and variable interest 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 instruments ("CoCo-Bonds"), hybrid securities (a security which combines both debt and equity characteristics), Tier 1 and upper and lower Tier 2 securities (which are forms of bank capital), trust preferred securities (a type of hybrid security), preference shares, convertible securities (e.g. convertible bonds or convertible preferred stock), other subordinated debt, as further described below, as well as exchange traded notes ("ETNs"), exchange traded funds ("ETFs"), which provide exposure to the particular asset classes in which the Investment Manager wishes to invest, and deposits. **The Fund may invest substantially in deposits with credit institutions during periods of 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 (e.g. a CoCo-Bond automatically converts into equity securities of the issuer under certain circumstances, as further described below). For the avoidance of doubt, the Fund shall not be required to sell or otherwise dispose of any ordinary equity securities so acquired. This may result in ordinary equity securities being a significant portion of the Fund's portfolio of assets.

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

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 risk management) purposes. The securities in which the Fund may invest which may embed leverage and/or a derivative shall include ETNs and hybrid securities such as convertible securities and CoCo-Bonds. The Fund may

invest in these securities for speculative or 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. These FDI will include swaps, options, futures and forwards contracts. The Fund will take both long and short positions synthetically through the use of each of these FDIs as well as long positions through its direct investments. The Fund's total net long position is not expected to exceed 130 per cent of the Net Asset Value of the Fund (calculated in accordance with the commitment approach). The Fund may invest up to 100 per cent of its Net Asset Value in short positions, however, the Fund will not be net short (i.e. its total short exposure will not exceed its total long exposure, calculated in accordance with the commitment approach).

For example: (i) swaps on debt securities and ETFs may be utilised to hedge or protect against future declines in value of securities that the Fund owns or to protect against adverse movements in the market generally; (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, eligible indices 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, eligible indices 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 Investment 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 Investment Manager may hedge any non-Base Currency denominated holdings against the Base Currency, in order to minimise the foreign exchange ("FX") risk. The Fund may use spot and FX forward transactions for hedging and currency risk management purposes. See also the section entitled "Currency Transactions" in the Prospectus.

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

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

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

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

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

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

**Investors should note that Shares in the Fund are not bank deposits and are not insured or guaranteed by any government or any government agency or other guarantee scheme which**

**may protect the holders of bank deposits. The value of a holding in the Fund would be expected to fluctuate more than a bank deposit.**

### ***Convertible securities***

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

### ***CoCo-Bonds***

CoCo-Bonds are primarily issued by financial institutions as an economically and regulatory efficient means of raising capital. They are a form of contingent hybrid securities, usually subordinated, that behave like debt securities in normal circumstances but which either convert to equity securities or have equity write down (full or partial) loss absorption mechanisms on the occurrence of a particular 'trigger' event. A write down means that some of all of the principal amount of the CoCo-Bond will be written down. The trigger events may, for example, be based on a mechanical rule (e.g. the issuer's regulatory capital ratios) or a regulatory supervisor's discretion. CoCo-Bonds are risky investments which are relatively new and complex instruments and in stressed market environment, it difficult to predict how they will perform. While CoCo-Bonds are primarily issued by financial institutions, they may be issued by different types of firms. CoCo-Bonds are a relatively new form of hybrid capital and conversion events and/or other trigger events (and other material terms) may develop over time. CoCo- Bonds invested in by the Fund may or may not embed a derivative. Please also see the risk factor entitled "Contingent Convertible Instruments" on page 36 of the Prospectus.

### ***Hybrid Securities***

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

### ***Subordinated Debt***

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

### ***Equity Securities***

Equity securities of companies are shares. The total amount of shares represents the capital stock of the company. Based on the fact that there is a total amount of durable money invested in the business

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

### ***ETNs***

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

## **PROFILE OF A TYPICAL INVESTOR**

The Fund is suitable for investors seeking to achieve a high level of income and modest capital growth and who are prepared to accept a moderate level of volatility with a medium-to long-term investment horizon.

## **BASE CURRENCY**

The Base Currency of the Fund is Euro.

## **INVESTMENT TECHNIQUES AND INSTRUMENTS**

### **Financial Derivative Instruments**

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

The Company may employ investment techniques and instruments 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 over-the-counter ("OTC"). The Fund may utilise the following FDIs: swaps, options, futures and forward contracts. The Fund may invest in convertible securities, CoCo-Bonds 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 such term includes credit default swap indices) which reference single or multiple issuers (including both corporate and government issuers) and/or single or multiple obligations. The Fund is the buyer in a credit default swap transaction. The "buyer"

in a credit default contract is obligated to pay the “seller” a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred.

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

**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, eligible indices, currencies, interest rates, futures, interest rate futures 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 and of the equity security plus premium paid.

The Fund does not intend to invest directly in ordinary equity securities and 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 Investment Manager is satisfied that the exercise of the option in this manner is in the best interests of the Fund.

**Futures.** The Fund may enter into futures on debt 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 list of the Regulated Markets on which the exchange traded FDIs used by the Fund may be quoted or traded is set out in Schedule I to the Prospectus.

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

#### *Collateral Management Policy*

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

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

### *General*

The Fund does not use the efficient portfolio management techniques of stock lending, repurchase and reverse repurchase arrangements.

## **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 60 different Classes of Shares as shown in the table set out at Schedule 1 hereto.

The Investment Manager may in its discretion vary the minimum initial subscription or minimum additional subscription amounts in the future and may choose to waive these criteria.

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

Class M Shares are only available for subscription by (i) employees, members or affiliates of the Investment 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 Investment Manager. Class M Shares are not subject to a performance fee or management fee, and are not subject to minimum initial or additional subscription amounts.

## **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 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 for Class I, Class R, Class XXL, Class Z and Class W Classes are set out in Schedule I hereto.

There are no minimum subscription amounts for Class M Shares.

Please see “Administration of the Company” on pages 41 to 53 of the Prospectus for further information on subscriptions and redemptions.

*Dilution Adjustment*

A dilution adjustment of up to 3.00% of the Net Asset Value per Share may be payable on net subscriptions for Shares and net redemptions of Shares as determined by the Investment Manager. Please see the section headed “Dilution Adjustment” on page 43 of the Prospectus for further information.

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

**DEALINGS IN THE FUND**

“Trade Cut-off Time for Subscriptions”	12 noon (Irish time) on the last Business Day prior to a Dealing Day.
“Trade Cut-off Time for Redemptions”	12 noon (Irish time) on the last Business Day prior to a Dealing Day.
“Business Day”	means, unless otherwise determined by the Directors and notified in advance to Shareholders, a day on which retail banks are open for business in Ireland and the United Kingdom.
“Dealing Day”	means every Business Day or such other days as the Directors may determine and notify in advance to Shareholders, and provided that there shall be at least one Dealing Day each fortnight.
“Valuation Day”	means, unless otherwise determined by the Directors and notified in advance to Shareholders, every Business Day.
“Valuation Point”	means 5.30 pm (New York time) on the Valuation Day.
“Settlement Time (for subscriptions)”	within 3 Business Days following the relevant Dealing Day.
“Settlement Time (for redemptions)”	within 3 Business Days following the relevant Dealing Day.

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

## **FEES AND EXPENSES**

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

### **Initial Sales Charge**

An initial sales charge of up to 3.00% of the amount subscribed shall be payable in respect of subscriptions for all Class R Shares. There shall be no initial sales charge for the Class I Shares, Class M Shares, Class XXL Shares, Class W Shares or Class Z 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.

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

### **Redemption Charge**

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

The following fees will be borne by the Fund:

### **Investment Manager's Fee**

#### ***Management Fee***

The Investment Manager shall be entitled to receive an investment management fee (the "Management Fee") from the Company in respect of the Fund equal to 0.50% per annum of the Net Asset Value of the Class I Shares and Class XXL Shares, 0.79% per annum of the Net Asset Value of the Class Z Shares, 1.20% per annum of the Net Asset Value of the Class R Shares and 1.50% per annum of the Net Asset Value of the Class W 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 and accrued Performance Fee. The Management Fee is normally payable in arrears within 14 days' of the end of the relevant month end.

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

In addition, the Investment Manager shall be entitled to be reimbursed its reasonably vouched out-of-pocket expenses. Each Fund shall bear its pro-rata share of such out-of-pocket expenses.

#### ***Performance Fee***

The Performance Fee in respect of the Class I and Class R Accumulating Classes is equal to 10% of the excess of the Net Asset Value per Share of the relevant Class I Shares and Class R Shares (after the deduction of the Management Fee and all other payments and expenses but before the deduction of any accrued Performance Fee) at the end of a Performance Period over the High Water Mark.

"High Water Mark" means the previous highest of (i) the highest Net Asset Value per Share of the Class I and Class R Accumulating Classes (before any accrual for the Performance Fee) at the end of any previous Performance Period (occurring on a quarter end) on which the Performance Fee was paid; and (ii) the Initial Offer Price of the relevant Class I Shares and Class R Shares, respectively.

The Performance Fee in respect of the Class I and Class R Distributing Classes is equal to 10% of the excess of the Adjusted NAV over the Adjusted High Water Mark.

“Adjusted NAV” means the Net Asset Value per Share of the Class I and Class R Distributing Classes after the deduction of the Management Fee and all other payments and expenses but before the deduction of any accrued Performance Fee at the end of a Performance Period adjusted by the aggregate amount of all distributions per Share declared in respect of the relevant Distributing Class since the initial issue of Shares in that Class.

“Adjusted High Water Mark” means the previous highest of (i) the highest Adjusted NAV (before any accrual for the Performance Fee) at the end of any previous Performance Period (occurring on a quarter end) on which the Performance Fee was paid; and (ii) the Initial Offer Price of the relevant Class I Shares and Class R Shares, respectively.

The Performance Fee (if any) will accrue daily. The amount accrued on each day will be determined by calculating the Performance Fee that would be payable if that day was the last day of the current Performance Period. The Performance Fee will be payable by the Fund to the Investment Manager quarterly in arrears normally within 14 calendar days of the end of each Performance Period.

The Performance Fee, if any, is calculated on Net Asset Value per Share (after the deduction of the Management Fee and all other payments and expenses but before the deduction of any accrued Performance Fee) at the end of each Performance Period (with respect to the Class I and Class R Accumulating Share Classes) and the Adjusted NAV (with respect to the Class I and Class R Distributing Share Classes) including in each case, for the avoidance of doubt the net realised and unrealised gains and losses. As a result, a Performance Fee may be paid on unrealised gains which may subsequently never be realised. There is no repayment of any Performance Fee already paid if the Net Asset Value per Share subsequently falls back below the High Water Mark or Adjusted High Water Mark, as appropriate, even if an investor redeems its holding.

The calculation of the performance fee shall be verified by the Custodian.

#### *Deemed End of Performance Period*

Class I Shares and Class R Shares redeemed other than at the end of a Performance Period will be treated as if the date of redemption was the end of the Performance Period and the above provisions shall apply. For the avoidance of doubt, this will not create a new High Water Mark or Adjusted High Water Mark, as appropriate. Any Performance Fee payable to the Investment Manager shall be paid within 14 calendar days of the end of the relevant Performance Period.

If the investment management agreement between the Company and the Investment Manager is terminated other than at the end of a Performance Period, the date of termination will be deemed to be the end of the Performance Period and the above provisions shall apply. Any Performance Fee payable to the Investment Manager shall be paid as soon as reasonably practicable after the date of termination.

#### *Performance Fee – No Equalisation*

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

### **Class M, Class XXL, Class W and Class Z Shares**

No performance fees shall be payable in respect of Class M, Class XXL, Class W and Class Z Shares.

#### **Custodian's Fee**

The Custodian 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 0.05% per annum of the Fund's Net Asset Value for the first €100 million, 0.04% per annum of the Fund's Net Asset Value between €100 million and €300 million and 0.03% per annum of the Fund's Net Asset Value above €300 million subject to a minimum monthly fee of €2,500 in respect of the Fund.

The Custodian shall also be entitled to receive transaction charges and all sub-custodian charges will be recovered by the Custodian 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 Custodian 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 0.10% per annum of the Fund's Net Asset Value for the first €100 million, 0.08% per annum of the Fund's Net Asset Value between €100 million and €250 million, 0.06% per annum of the Fund's Net Asset Value between €250 million and €500 million and 0.04% per annum of the Fund's Net Asset Value above €500 million subject to a minimum monthly fee of up to €5,000 in respect of the Fund and €500 per Share Class. The Administrator shall receive a reporting fee of €3,000 in respect of the Fund.

In addition, the Company shall pay out of the assets of the Fund its portion of the Administrator's financial statement production fee of €5,000 (per set) for the preparation of financial statements for the Company. In addition, the Administrator shall be entitled to be reimbursed for its reasonable vouched out-of-pocket expenses, transaction and account fees.

### **RISK FACTORS**

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

## SCHEDULE I

### Classes of Shares

<b>Algebris Financial Credit Fund – Fund denomination – EURO</b>								
<b>Share Class</b>	<b>Class Currency</b>	<b>Hedged currency class</b>	<b>Initial Offer Price</b>	<b>Minimum initial subscription</b>	<b>Minimum additional subscription</b>	<b>Management Fee</b>	<b>Initial Offer Period Status*</b>	<b>Distribution Status</b>
Class M EUR	EUR	No	€100	N/A	N/A	N/A	Funded	Accumulating
Class Md EUR	EUR	No	€100	N/A	N/A	N/A	Funded	Distributing
Class M GBP	GBP	Yes	GBP 100	N/A	N/A	N/A	Funded	Accumulating
Class Md GBP	GBP	Yes	GBP 100	N/A	N/A	N/A	Funded	Distributing
Class M CHF	CHF	Yes	CHF 100	N/A	N/A	N/A	Funded	Accumulating
Class Md CHF	CHF	Yes	CHF 100	N/A	N/A	N/A	Funded	Distributing
Class M USD	USD	Yes	USD 100	N/A	N/A	N/A	Funded	Accumulating
Class Md USD	USD	Yes	USD 100	N/A	N/A	N/A	Extended	Distributing
Class M SGD	SGD	Yes	SGD 100	N/A	N/A	N/A	Extended	Accumulating
Class Md SGD	SGD	Yes	SGD 100	N/A	N/A	N/A	Extended	Distributing
Class I EUR	EUR	No	€100	€500,000	€5,000	0.50%	Funded	Accumulating
Class Id EUR	EUR	No	€100	€500,000	€5,000	0.50%	Funded	Distributing
Class I GBP	GBP	Yes	GBP 100	GBP equivalent of €500,000	GBP equivalent of €5,000	0.50%	Funded	Accumulating
Class Id GBP	GBP	Yes	GBP 100	GBP equivalent of €500,000	GBP equivalent of €5,000	0.50%	Funded	Distributing
Class I CHF	CHF	Yes	CHF 100	CHF equivalent of €500,000	CHF equivalent of €5,000	0.50%	Funded	Accumulating
Class Id CHF	CHF	Yes	CHF 100	CHF equivalent of €500,000	CHF equivalent of €5,000	0.50%	Extended	Distributing
Class I USD	USD	Yes	USD 100	USD equivalent of €500,000	USD equivalent of €5,000	0.50%	Funded	Accumulating
Class Id USD	USD	Yes	USD 100	USD equivalent of €500,000	USD equivalent of €5,000	0.50%	Funded	Distributing
Class I SGD	SGD	Yes	SGD 100	SGD equivalent of €500,000	SGD equivalent of €5,000	0.50%	Extended	Accumulating
Class Id SGD	SGD	Yes	SGD 100	SGD equivalent of €500,000	SGD equivalent of €5,000	0.50%	Extended	Distributing
Class R EUR	EUR	No	€100	€10,000	€5,000	1.20%	Funded	Accumulating

**Algebris Financial Credit Fund – Fund denomination – EURO**

<b>Share Class</b>	<b>Class Currency</b>	<b>Hedged currency class</b>	<b>Initial Offer Price</b>	<b>Minimum initial subscription</b>	<b>Minimum additional subscription</b>	<b>Management Fee</b>	<b>Initial Offer Period Status*</b>	<b>Distribution Status</b>
Class Rd EUR	EUR	No	€100	€100,000	€5,000	1.20%	Funded	Distributing
Class R GBP	GBP	Yes	GBP 100	GBP equivalent of €10,000	GBP equivalent of €5,000	1.20%	Extended	Accumulating
Class Rd GBP	GBP	Yes	GBP 100	GBP equivalent of €100,000	GBP equivalent of €5,000	1.20%	Funded	Distributing
Class R CHF	CHF	Yes	CHF100	CHF equivalent of €10,000	CHF equivalent of €5,000	1.20%	Funded	Accumulating
Class Rd CHF	CHF	Yes	CHF100	CHF equivalent of €100,000	CHF equivalent of €5,000	1.20%	Funded	Distributing
Class R USD	USD	Yes	USD 100	USD equivalent of €10,000	USD equivalent of €5,000	1.20%	Funded	Accumulating
Class Rd USD	USD	Yes	USD 100	USD equivalent of €100,000	USD equivalent of €5,000	1.20%	Funded	Distributing
Class R SGD	SGD	Yes	SGD 100	SGD equivalent of €100,000	SGD equivalent of €5,000	1.20%	Extended	Accumulating
Class Rd SGD	SGD	Yes	SGD 100	SGD equivalent of €100,000	SGD equivalent of €5,000	1.20%	Extended	Distributing
Class XXL EUR	EUR	No	€100	€50,000,000	€1,000,000	0.50%	Extended	Accumulating
Class XXLd EUR	EUR	No	€100	€50,000,000	€1,000,000	0.50%	Funded	Distributing
Class XXL GBP	GBP	Yes	GBP 100	GBP equivalent of €50,000,000	GBP equivalent of €1,000,000	0.50%	Extended	Accumulating
Class XXLd GBP	GBP	Yes	GBP 100	GBP equivalent of €50,000,000	GBP equivalent of €1,000,000	0.50%	Extended	Distributing
Class XXL CHF	CHF	Yes	CHF100	CHF equivalent of €50,000,000	CHF equivalent of €1,000,000	0.50%	Extended	Accumulating
Class XXLd CHF	CHF	Yes	CHF100	CHF equivalent of €50,000,000	CHF equivalent of €1,000,000	0.50%	Extended	Distributing
Class XXL USD	USD	Yes	USD 100	USD equivalent of €50,000,000	USD equivalent of €1,000,000	0.50%	Extended	Accumulating
Class XXLd USD	USD	Yes	USD 100	USD equivalent of €50,000,000	USD equivalent of €1,000,000	0.50%	Extended	Distributing
Class XXL SGD	SGD	Yes	SGD 100	SGD equivalent of €50,000,000	SGD equivalent of €1,000,000	0.50%	Extended	Accumulating
Class XXLd SGD	SGD	Yes	SGD 100	SGD equivalent of €50,000,000	SGD equivalent of €1,000,000	0.50%	Extended	Distributing
Class Z EUR	EUR	No	€100	€1,000,000	€10,000	0.79%	Extended	Accumulating
Class Zd EUR	EUR	No	€100	€1,000,000	€10,000	0.79%	Extended	Distributing
Class Z GBP	GBP	Yes	GBP 100	GBP equivalent of €1,000,000	GBP equivalent of €10,000	0.79%	Extended	Accumulating

**Algebris Financial Credit Fund – Fund denomination – EURO**

Share Class	Class Currency	Hedged currency class	Initial Offer Price	Minimum initial subscription	Minimum additional subscription	Management Fee	Initial Offer Period Status*	Distribution Status
Class Zd GBP	GBP	Yes	GBP 100	GBP equivalent of €1,000,000	GBP equivalent of €10,000	0.79%	Extended	Distributing
Class Z CHF	CHF	Yes	CHF100	CHF equivalent of €1,000,000	CHF equivalent of €10,000	0.79%	Extended	Accumulating
Class Zd CHF	CHF	Yes	CHF100	CHF equivalent of €1,000,000	CHF equivalent of €10,000	0.79%	Extended	Distributing
Class Z USD	USD	Yes	USD 100	USD equivalent of €1,000,000	USD equivalent of €10,000	0.79%	Extended	Accumulating
Class Zd USD	USD	Yes	USD 100	USD equivalent of €1,000,000	USD equivalent of €10,000	0.79%	Extended	Distributing
Class Z SGD	SGD	Yes	SGD 100	SGD equivalent of €1,000,000	SGD equivalent of €10,000	0.79%	Extended	Accumulating
Class Zd SGD	SGD	Yes	SGD 100	SGD equivalent of €1,000,000	SGD equivalent of €10,000	0.79%	Extended	Distributing
Class W EUR	EUR	No	€100	€1,000,000	€10,000	1.50%	Funded	Accumulating
Class Wd EUR	EUR	No	€100	€1,000,000	€10,000	1.50%	Extended	Distributing
Class W GBP	GBP	Yes	GBP 100	GBP equivalent of €1,000,000	GBP equivalent of €10,000	1.50%	Extended	Accumulating
Class Wd GBP	GBP	Yes	GBP 100	GBP equivalent of €1,000,000	GBP equivalent of €10,000	1.50%	Extended	Distributing
Class W CHF	CHF	Yes	CHF100	CHF equivalent of €1,000,000	CHF equivalent of €10,000	1.50%	Extended	Accumulating
Class Wd CHF	CHF	Yes	CHF100	CHF equivalent of €1,000,000	CHF equivalent of €10,000	1.50%	Extended	Distributing
Class W USD	USD	Yes	USD 100	USD equivalent of €1,000,000	USD equivalent of €10,000	1.50%	Funded	Accumulating
Class Wd USD	USD	Yes	USD 100	USD equivalent of €1,000,000	USD equivalent of €10,000	1.50%	Funded	Distributing
Class W SGD	SGD	Yes	SGD 100	SGD equivalent of €1,000,000	SGD equivalent of €10,000	1.50%	Extended	Accumulating
Class Wd SGD	SGD	Yes	SGD 100	SGD equivalent of €1,000,000	SGD equivalent of €10,000	1.50%	Extended	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 and “Re-Launched” where a Class has been funded, redeemed and is subsequently being re-launched.

For all Classes of Shares identified as “Extended”, the Initial Offer Period shall continue until 5.30 p.m. (Irish time) on 31 March, 2016, or such other dates as the Directors may determine and notify to the Central Bank.