

# Part 2A of Form ADV Brochure Document

**Algebris Investments (US) Inc.**  
699 Boylston Street, Suite #1001  
Boston MA 02116  
617-648-4828  
[www.algebris.com](http://www.algebris.com)

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This brochure provides information about the qualifications and business practices of Algebris Investments (US) Inc. (“Algebris US”). If you have any questions about the contents of this brochure, please contact us at: 617-648-4828. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Algebris US is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 - Material Changes

Since the last annual updating amendment on March 31, 2023, Algebris (as defined in Item 4. below) completed an internal administrative reorganization of its group of companies on May 11, 2023. As part of this reorganization, Algebris Investments (Luxembourg) S.à.r.l., the holding company of the Algebris group, was replaced by Algebris Investments Holdings Ltd and Algebris Investments Group Ltd. – effective May 4, 2023. However, the underlying beneficial ownership of the Algebris group of companies has not changed.

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## **Item 4 - Advisory Business**

Algebris US was incorporated in August 2009 under the laws of Delaware and is wholly owned by Algebris Investments Group Ltd which is wholly owned by Algebris Investments Holdings Ltd. Algebris Investments Holdings Ltd is owned by N1 S.a r.l., which is wholly owned by Davide Serra. Algebris US is in common ownership with Algebris (UK) Limited (“Algebris UK”) and Algebris Investments (Ireland) Limited (“Algebris Ireland”). Algebris US, Algebris UK and Algebris Ireland are hereinafter collectively referred to as “Algebris” or the “Company”. Algebris UK is authorized and regulated by the UK’s Financial Conduct Authority and is also an SEC Exempt Reporting Adviser. Algebris Ireland is authorized and regulated by the Central Bank of Ireland and is also an SEC Exempt Reporting Adviser. Algebris UK’s office is located in London and Algebris Ireland’s office is located in Dublin, neither have any presence in the US. Algebris Ireland is the appointed investment manager of certain Algebris funds and has delegated investment advisory services to Algebris UK and Algebris US. Algebris UK provides investment advisory services to various pooled investment vehicles. Algebris UK has sub-delegated certain investment advisory services to Algebris US.

Algebris provides investment advisory services to various pooled investment vehicles (the “Funds” or the “Clients”) on a discretionary basis with a focus on the global financial services sector. The Funds include UCITS funds, Private Funds, and private mandates for institutional clients. As of December 31, 2023, Algebris UK provided continuous and regular supervisory or management services to approximately \$12 billion of securities portfolios on a discretionary basis. As of December 31, 2023, Algebris US co-managed \$12 billion of this on a discretionary basis.

## **Item 5 - Fees and Compensation**

Algebris US is compensated by its UK entity, an SEC Exempt Reporting Adviser, Algebris UK. All fees paid by Algebris UK to Algebris US are paid by Algebris UK directly and not by any Clients. Algebris UK maintains the relationship with all Clients, and fees are paid by Clients to Algebris UK.

Algebris UK generally receives a management fee based on a percentage of assets under management and a performance-based fee (i.e. a fee based on a share of capital gains on or capital appreciation of the assets under management) from each of the Funds. Algebris UK, however, retains the discretion to waive or reduce fees and expenses charged by Algebris UK to the Funds. A full description of all fees and expense permitted to be charged to the Funds by Algebris UK is contained in the offering documents for each Fund.

## **Item 6 - Performance-Based Fees and Side-by-Side Management**

As described in Item 5 above, Algebris UK may receive performance-based compensation from Clients. As Algebris US is compensated out of the fees paid to Algebris UK, the presence of performance-based fees may create an incentive for Algebris US to make investments that are

riskier or more speculative with the goal of increasing the performance of the Fund and therefore the fee paid to Algebris UK. The performance fees charged to each Fund are based on both realized and unrealized gains, therefore Algebris UK may receive a performance allocation reflecting unrealized gains during the investment period and which are not subsequently recognized by the Fund upon disposition of the investment.

Algebris has mitigated this risk through the inclusion of a High Water Mark provision, and therefore, as a result, any losses, either realized or unrealized would need be to be recouped in full before a performance fee could be recognized by Algebris UK. Algebris US recognizes that it is a fiduciary and as such must act in the best interests of the Advisory Clients.

## **Item 7 - Types of Clients**

As previously described in Item 4, Algebris provides investment advisory services to various collective investment vehicles and separate account management services to institutional clients, both U.S. and foreign.

Interests in the Funds are generally available to U.S. investors who are Accredited Investors and Qualified Purchasers as those terms are defined under Regulation D and the Investment Company Act of 1940, respectively. Investment advice is provided directly to the Funds and not individually to the Funds' investors and investors may not impose any investment requests or restrictions on the Funds. Separately managed account clients may place reasonable investment objectives or restrictions on the management of their accounts at the discretion of Algebris

The Algebris NPL Partnerships are closed-end vehicles and do not have any redemption rights. The Algebris Financial Funds are UCITS funds and offer daily liquidity upon one business day's notice. Separately managed account clients may terminate their advisory service at any time in accordance with the provisions of the investment management agreement.

Algebris has agreements with certain investors which modify the terms contained in the relevant governing documents of the Funds, but do not grant any preferential treatment with regard to fees, liquidity, or transparency to any investors.

Subject to the discretion of Algebris to accept less, the minimum Fund investment ranges between EUR500,000 and EUR50 million, depending on the Fund and share class invested in. Although the Company has the authority to accept a lesser amount, the minimum investment for a separately managed account is generally US\$100 million.

## **Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss**

### ***Methods of Analysis and Investment Strategies***

Algebris manages assets in accordance with the investment objectives and restrictions set forth in the governing documents applicable to each Fund or recorded in the investment management agreement for separately managed accounts.

Algebris seeks to take advantage of any mispricing opportunities of companies largely in the global financial services industry through a fundamental analysis and assessment of a company's intrinsic value. The strategy also tries to exploit mispricing that arises as a result of operational or structural changes in a company or a change in the macroeconomic, capital markets, or industry sector environments within which a company operates. These changes can significantly affect the short, medium, and/or long-term growth prospects, economic return, and risk profile of a company and thereby substantially impact its intrinsic value. As such, Algebris will typically seek to take long positions in equity and debt securities of companies exhibiting one or more of the following characteristics:

1. Change in revenue growth prospects;
2. Change in projected operating expenses;
3. Change in balance sheet quality;
4. Speculation regarding a possible sale, disposal, or acquisition;
5. Change in execution capability and/or strategic direction due to a change in management;
6. Change in capital discipline;
7. Change in regulation;
8. A change in overall risk appetite; or
9. A change in valuation methodology.

Algebris seeks to take long positions in securities when it believes that the market price of a security is below its estimated intrinsic value. While Algebris focuses on its long positions, it may take a short position in securities (typically through derivatives) when the market price of a security is above its estimated intrinsic value.

Algebris constructs broad-based portfolios, which are represented by companies in some or all of the following financial sub-sectors, but always dependent on any investment restrictions set out in the Funds offering documents or prospectus: banks, insurance companies, real estate investment trusts ("REITs"), asset managers, broker-dealers, diversified financial services providers, companies that derive a significant proportion of their total revenues as suppliers to financial services and real estate companies, and companies that depend on the provision of financial services for the sale of their core products. Algebris invests in a wide range of instruments, including, but not limited to: listed and unlisted equities, debt securities (both investment and non-investment grade), promissory notes, GDRs and ADRs, options (including uncovered options), warrants, equity swaps, contract for differences, futures, credit derivatives and other derivative instruments. Derivatives may be used for investment as well as hedging purposes. The Funds may engage in short sales of securities and may also retain amounts in cash or cash-equivalents, as considered appropriate.

### ***Risk of Loss***

Investing in securities involves the risk of loss that Clients and investors should be prepared to bear. An investment in a Fund should only be made after consultation with independent qualified sources of investment and tax advice. No guarantee or representation is made that a Fund's investment program will be successful, and performance could be negatively impacted by a number of risks, including, but not limited to:

1. **Liquidity** – Certain markets may have a relatively low volume of trading. Securities of companies in such markets may also be less liquid and more volatile than securities of comparable companies elsewhere.
2. **Legal and Political Risk** – Many of the laws that govern private and foreign investment, equity securities transactions, and other contractual relationships in certain countries, particularly in developing countries, are new and largely untested. As a result, a Client may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets, and lack of enforcement of existing regulations.
3. **Derivatives** – The Funds may make use of various derivative instruments, such as convertible securities, options, futures, forwards, and interest rate, credit default, total return, and equity swaps. The use of derivative instruments involves a variety of risks, including a high degree of leverage sometimes embedded in such instruments. The derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out open positions in order either to realize gains or to limit losses.
4. **Counterparty (Credit) Risk** – The Funds may enter into transactions in OTC markets whereby the Funds will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, a Fund could experience delays in liquidating the position and may incur significant losses.
5. **International Investing** – Investing outside the United States may involve greater risks than investing in the United States. These risks include: (i) less publicly available information; (ii) varying levels of governmental regulation and supervision; and (iii) the difficulty of enforcing legal rights in a non-U.S. jurisdiction and uncertainties as to the status, interpretation, and application of laws.
6. **Emerging and Frontier Markets** – An investment in emerging and frontier market securities involves a greater degree of risk than an investment in securities of issuers based in developed countries. Among other things, emerging and frontier market securities investments may carry the risks of less publicly available information, more volatile markets, less strict securities market regulation, less favorable tax provisions, and a greater likelihood of severe inflation, unstable currency, war, and expropriation of personal property than investments in securities of issuers based in developed countries.
7. **Short Sales** – Short selling involves selling securities which are not owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Fund of buying those securities to cover the short position.

8. **CoCo Bonds** – Several Algebris Funds may invest in contingent convertible securities ('CoCos'). CoCos 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 CoCos may fluctuate.
9. **Custody Risk** –Algebris US or the Funds may incur a loss on securities and cash held in custody in the event of a custodian's or sub-custodian's insolvency, negligence, fraud, poor administration, or inadequate recordkeeping. Generally, deposits maintained at a bank do not become part of a failed bank's estate however, the operations of Algebris US could be impacted by the bank's insolvency in that there may be a delay in access to liquidity, trade settlement, delivery of securities, etc. Establishing multiple custodial relationships could mitigate custodial risk in the event of a bank failure.
10. **Force Majeure** – Algebris US's strategies and investments on behalf of its Funds may be affected by force majeure events (i.e., events beyond Algebris US's control, including acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern such as COVID-19, war, terrorism and labor strikes). Some force majeure events could adversely affect Algebris US's ability to perform its obligations until it is able to remedy the force majeure event. In addition, the losses to Funds resulting from such force majeure event could be considerable. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity, or in any of the countries where Algebris US may invest specifically on behalf of its Funds. Additionally, a major governmental intervention into industry, including the nationalization of an industry, could result in a loss to Funds. Any one or any combination of the foregoing may therefore adversely affect Fund performance.

Investors should refer to Fund offering documents or prospectus for a complete description of the risks involved in a Fund investment.

## **Item 9 - Disciplinary Information**

Algebris and its management personnel have not been involved in any legal or disciplinary events that would be material to a Client or investor's evaluation of the Company or its management personnel.

## **Item 10 - Other Financial Industry Activities and Affiliations**

Neither Algebris nor its management persons are registered or have an application pending to register as a broker-dealer. Neither Algebris nor its management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

### ***Pooled Investment Vehicles***

Certain of the Funds (or their sub-funds or feeders) are U.S. limited partnerships that are controlled by affiliated General Partner entities (the “GP Entities”). Algebris or the GP Entities will be responsible for decisions regarding such Funds and shall have full discretion over the management of such Funds’ investment activities. Any persons acting on behalf of the GP Entities are subject to the supervision and control of Algebris.

### ***Other Investment Advisers***

Algebris Investments (Asia) PTE Ltd (“Algebris Asia”) is under common ownership with Algebris US, Algebris UK and Algebris Ireland. Algebris Asia is a Licensed Fund Management Company with the Monetary Authority of Singapore. It provides research and advisory services to Algebris UK pursuant to a written sub-advisory agreement. Algebris Asia does not provide services to anyone other than Algebris UK. All fees paid to Algebris Asia are paid by Algebris UK directly and not by any Clients.

### ***Group Service Providers***

Algebris Investments (Ireland) Limited has established a branch in Milan. Algebris Investments (Ireland) Limited – Milan Branch is under common ownership with Algebris US, Algebris UK and Algebris Ireland. It provides investment management services to certain Algebris Private Funds. It also undertakes marketing activities in Italy and provides recommendations to Algebris UK. Algebris Investments K.K. is based in Tokyo and undertakes marketing activities in Japan.

## **Item 11 - Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading**

### ***Code of Ethics and Personal Securities Transactions***

Algebris permits its employees to engage in personal securities transactions on a limited basis. To avoid any potential conflicts of interest involving personal trades, Algebris has adopted a Code of Ethics. The Code of Ethics addresses, among other things, insider trading, information barriers, and personal securities transactions and requires employees to adhere to the following principles:

1. The interests of Clients must take precedence over those of employees;
2. All personal securities transactions must be conducted in a manner consistent with applicable laws and must avoid any actual or potential conflicts of interest or any abuse of a position of trust and responsibility;
3. Employees may not take inappropriate advantage of their position at Algebris; and
4. Information about Clients, portfolio holdings, and investment recommendations must be kept confidential.



In all cases, Clients' interests are paramount and take priority over employees' interests. Employees must not affect transactions that could give rise to an actual or perceived conflict between their own interests and that of a Client.

The Code of Ethics governs personal trading activities by employees and their immediate family members. Specifically, the Code of Ethics requires employees to pre-clear certain personal securities transactions, provide confirmation of all personal trades as soon as possible after execution and provide initial and annual security holdings reports.

The Compliance Department monitors employees' personal trading activity to ensure that transactions have been executed in accordance with the Code of Ethics and relevant rules and regulations. A copy of the Company's Code of Ethics is available to current and prospective Clients upon request.

### ***Participation or Interest in Client Transactions***

Algebris, its employees, and other related entities may have an ownership interest in certain Funds in which other Funds may invest (e.g., feeder funds will invest in a master fund for which an affiliate of Algebris serves as managing member). Algebris may engage in principal trades from time to time. The interests of Clients take precedence over those of Algebris.

The Company has adopted policies and procedures to ensure that neither Algebris nor its employees front run Clients or otherwise engage in activities that would or could be perceived as market abuse.

### ***Investing Conflicts***

Algebris, on behalf of its Advisory Clients, may make investments in different parts of the capital structure of the same company across different Funds. For example, a Client may invest in debt securities issued by a company in which another Client has an equity interest. In this and other cases, there may be an apparent or actual conflict between the interests of different Algebris Funds. Algebris has policies and procedures in place to mitigate this and other potential conflicts of interest (or the appearance thereof).

## **Item 12 - Brokerage Practices**

Algebris considers the following factors in selecting broker-dealers for Fund transactions and determining the reasonableness of their compensation:

1. Knowledge of the security and/or market,
2. Ability to deal at the best price,
3. Execution efficiency,
4. Credit standing and reputation.

Although Algebris seeks competitive commission rates, it will not necessarily pay the lowest commission rate available. Transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions than would be the case for more routine services.

Algebris pays for all relevant third-party research that it receives from sell side firms who Algebris has trading relationships with via direct payments from Algebris' own resources. With the exception of minor non-monetary benefits, Algebris does not accept any research from broker-dealers with whom it has a trading relationship that has not been paid for by Algebris. Algebris does not have any active commission sharing arrangements ("CSAs") in place with broker-dealers. At all times, the broker-dealers are subject to the requirement to provide Algebris' clients with Best Execution.

### ***Trade Aggregation***

Orders for the same security entered on behalf of more than one Clients will usually be aggregated (i.e., blocked or bunched) as this is deemed to be in the best interests of all participating Funds. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders for the same security for the same account(s) will not be aggregated with any previously filled orders. All Funds participating in an aggregated order shall receive the average price and pay a pro rata portion of transaction costs.

Algebris has a fair allocation policy for allocating trades across the various funds. The Company's Order Management System ("OMS") has a pre-coded, third-party allocation algorithm that auto allocates executed trades to the relevant funds. The algorithm allocates trade fills continuously, as trades get executed, giving priority to the account that has received the least percentage of its target quantity. This way fills are distributed in proportion (pro rata) to the desired allocation at the time the order was generated. Note that, as the fills get allocated immediately, partially and fully filled trades get the same treatment. Fair allocation and best execution across funds are reviewed periodically as part of the compliance monitoring program.

### ***Cross transactions***

As a result of subscriptions or redemptions and the changes in the value of the assets of the various Funds or accounts managed by Algebris, the Company may adjust, to the extent practicable, the exposure levels in the respective Funds which may follow the same, or similar, investment strategies to instruments in their respective portfolio in order to maintain the exposures deemed most appropriate by Algebris.

Such adjustments may be affected by purchases and sales in the market or by a transfer from one or more Funds to other Funds (a "Cross-Transaction"). A Cross-Transaction may be affected if Algebris determines the transaction to be in the best interests (and consistent with the investment program, risk management and other relevant considerations) of the affected Funds. Generally, the relevant asset will be transferred at a price equal to its market price on the transfer date, as determined by either the market on the relevant day, or by the administrator to the Funds involved.

## **Item 13 - Review of Accounts**

Generally, Client accounts are reviewed on a continuous basis by investment personnel. The Investment Committee, which is chaired by the Chief Investment Officer and involves all Portfolio Manager's globally meets informally at least twice a week but in practice has a daily meeting. The

Investment Risk Committee which is co-chaired by the Chief Risk Officer and Chief Investment Officer meets on a monthly basis. These reviews are designed to monitor and analyze Client transactions and positions and ensure compliance with investment objectives and restrictions. Particular attention is given to changes in company fundamentals, industry outlook, market outlook, and price levels.

Investors will receive a variety of reports on a regular basis, depending on the Fund in which they are invested. Such reports include monthly Factsheets and net asset value reports, quarterly account statements, and annual financial statements.

## **Item 14 - Client Referrals and Other Compensation**

Algebris does not receive an economic benefit from anyone who is not a Client for providing investment advice or other advisory services to Clients.

Algebris does not compensate anyone who is not a supervised person, either directly or indirectly, for Client referrals.

## **Item 15 - Custody**

All Client assets are held in custody by unaffiliated broker-dealers or banks. However, Algebris has access to the Funds' accounts since an affiliate serves as the managing member or general partner of the Funds. Investors do not receive statements directly from Fund custodians. Instead, the Funds are subject to an annual audit and audited financial statements are distributed to each investor. Audited financial statements are prepared in accordance with either GAAP or IFRS and distributed within 120 days of each Fund's fiscal year end. Fund investors should carefully review each statement.

## **Item 16 - Investment Discretion**

Algebris manages the Funds on a discretionary and, in some instances, on a non-discretionary basis subject to the guidelines and restrictions set forth in Fund offering documents. For the discretionary managed Funds, the Company typically has authority to determine the quantity and the individual securities to be bought and sold without obtaining Fund or investor consent to specific transactions. In certain cases, investments in addition to those stipulated in the relevant investment mandate may be permitted with prior consent from the relevant Client.

## **Item 17 - Voting Client Securities**

Algebris has authority to vote proxies on behalf of the Funds. Algebris votes proxies so as to promote the long-term economic value of the underlying securities. Each proxy proposal will be considered on its own merits, and the Company will vote exclusively with the goal of best serving the financial interests of the Funds.

Algebris may have a conflict of interest in voting a particular proxy. A conflict of interest could arise, for example, as a result of a business relationship with a company, or a direct or indirect business interest in the matter being voted upon, or as a result of a personal relationship with corporate directors or candidates for directorships. If Algebris determines that it or one of its employees faces a material conflict of interest in voting a proxy, Algebris' procedures provide for the governing body of each Fund to determine the appropriate vote.

Voting decisions are to be made on a case by case basis following an assessment of the matter at hand and after taking into consideration its likely effect on the performance of the Investments and relevant Algebris managed fund. Algebris also takes into account where relevant long-term sustainability considerations of each issuer when deciding to vote.

Please refer to Algebris' Voting Policy for further information, which is available, upon request.

## **Item 18 - Financial Information**

Algebris has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage Client accounts.