

Monthly Net Return	-1.24%
Avg Monthly Return ¹	-0.09%
Annualised Volatility ¹	1.96%
Sharpe Ratio ¹	-0.33
Option-adjusted Duration (years)	2.14
EoM Monthly VaR	1.56%
EoM Daily VaR	0.33%
Inception	01 Nov 07
Change of Strategy	30 Sep 20
Morningstar Rating	★★★★

Albemarle Euro Bond Fund

Systematic fixed-income with quantamental approach

Investment Approach

The fund invests primarily in European fixed-income instruments employing a disciplined systematic methodology; by utilising proprietary quantitative screening tools and fundamental analysis that are coupled with layer of macroeconomic view.

The investment philosophy of the fund is centred around lean management which is both top-down and bottom-up at the same time. The main market view about the general macroeconomic condition, expectations about yield curves, geopolitics, and health of corporate balance sheets form the basis of the top-down approach and dictate the how the fund should be positioned in terms of duration, key rates, and credit ratings.

General macro views are implemented with variety of instruments; including inflation-linked bonds, floating-rate notes, various interest-rated derivatives, et cetera. Portfolio building in corporate bonds starts with screening a universe of 6500+ bonds to identify relatively cheap ones via a proprietary quantitative tool. The second step involves fundamental screening to further narrow down the list of possible investments. The last stage entails bottom-up fundamental analysis to make the ultimate decision of investing.

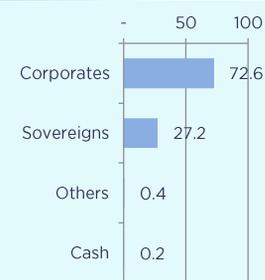
Investment philosophy and management of the fund was changed to what it is today in end of September 2020.

Net Returns (%)

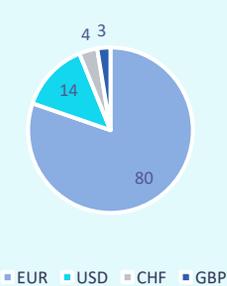
	August	YTD	6 Months	1 Year	Since strategy change	Since inception
Albemarle Euro Bond I class	-1.24	-4.83	-3.53	-5.53	-2.10	39.00
Benchmark JNEULOC Index	-4.94	-12.99	-10.40	-14.44	-14.95	54.77

Main Characteristics

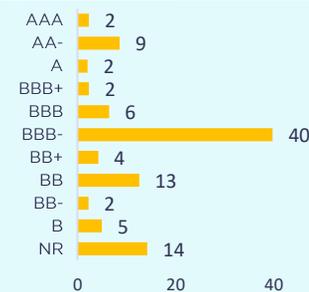
Asset Allocation (%)



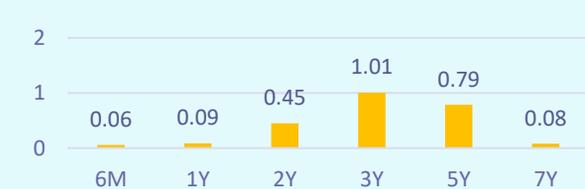
Currency Exposure (%)



Ratings Breakdown (%)



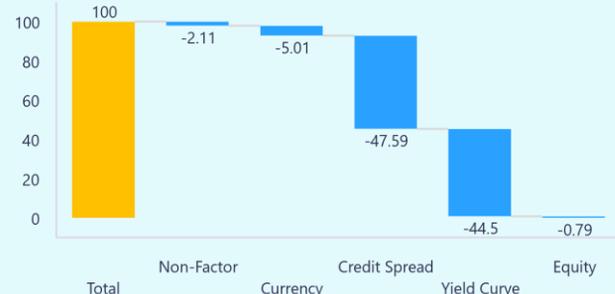
Key rate durations (years)



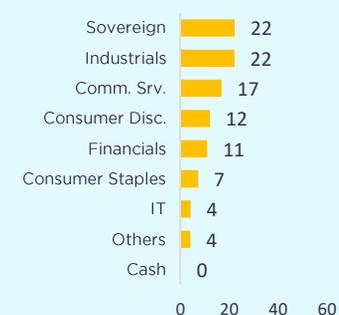
VaR breakdown (% of NAV, monthly at 95%)

Total	Non-Factor	Currency	Credit Spread	Yield Curve	Equity
1.56	0.23	0.58	1.27	1.15	0.03

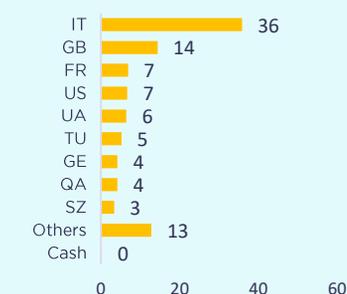
Contribution to VaR



Sector Breakdown (%)



Country Exposure (%)



Team

CEO Fabrizio De Tomasi has worked in the financial industry for over 25 years, beginning with JP Morgan in 1996. In 1999, he joined Allianz, where he remained for the next eight years before joining Dresdner Bank in 2007. He was named CEO of Albemarle's sister company dealing with trading and execution in 2009. Following a group reorganisation, he was appointed Chief Executive Officer of Albemarle in 2017. He currently serves as a director for Albemarle Funds, Albemarle Alternative Funds, and Apsley Fund ICAV, all of which are Irish umbrella funds promoted by Albemarle Asset Management. Fabrizio holds a master's degree in economics and an MBA from Bocconi University.

Çağatay Günay, CFA has experience of 6 years in fixed-income investments, cross asset quantitative analysis, structured products, and trading in London and Istanbul. Before Albemarle he worked in fixed-income desk in Ak Asset Management, one of the biggest investment managers in Turkey. He also interned for two other hedge funds in London as Quant and Derivatives Trader. Çağatay holds MSc. in Finance degree from London Business School and BSc. in Electrical and Electronics Engineering from Bilkent University.

Top Five Holdings (%)

BTPS 0.35 10/24/24	6.62
BTPS 0.45 05/22/23	4.47
FABUH Float 08/08/23	4.30
QATAR 3 1/4 06/02/26	4.28
NOKIA 2 3/8 05/15/25	4.21

1. The strategy has changed on 30 September 2020. This number is based on the data since that day.

Commentary

During the month of August 2022, the institutional class outperformed its benchmark by 3.7%. The fund's NAV fell -1.24% in August, while the benchmark fell by -4.94%. Year to date the fund lost -4.83%, while the benchmark lost -12.99%, resulting in 8.16% overperformance.

The base rates and credit spreads followed contradicting paths until mid-August, later aligned with each other in risk-off mode. The Fed driven rally that took place in both equities and bonds during July was reversed in August as investors' hope for dovish Fed pivot were disappointed. The reversal started firstly in Treasuries and Bunds, and credit spreads joined them two weeks later. Benchmark US 10-year rate started at 2.65%, touched 2.57% soon after, and concluded August at 3.19%. Similarly benchmark 10-year Bund started 0.81% and concluded August at 1.54%, 23bps away from its June peak of 1.77%. Bund curve has undergone a bear flattening, as 2-year rates increased by 92bps, whereas 10-year rates increased by 72bps. The Euro real rates also followed this move, by increasing 56bps to 0.78%. The credit spreads, both IG and HY, followed a very similar path to that of the equity markets. The average option-adjusted spread in Bloomberg Euro Aggregate Corporates index widened by 14bps to 201bps, meanwhile touching 179bps in mid-August, resulting in the index to lose -4.76%. Finally, EUR has tested below parity against the USD first time in 20 years.

The quality bias of the fund portfolio so far has protected the returns albeit the increase of both IG and HY spreads. The fund is tilted towards short duration and inflation protection, which allowed the fund to outperform its benchmark in August by 3.7%.

The Base Rates and iTraxx Crossover Index



Source: Bloomberg.

The best three contributors to the Fund performance were FABUH Float 08/08/23 (First Abu Dhabi Bank), which rose 1.7%; ACKAF 3 05/27/26 (Arçelik), which rose 3.15%; and RCL 10 7/8 06/01/23, which rose 1.79%. The worst three contributors to the Fund performance were DUFNSW 0 ¼ 03/30/26 (convertible bond of Dufry AG, a Swiss duty-free company) losing -2.80%; BABLN 1 3/8 09/13/27 (Babcock Intl, a British defence company) that lost -4.73%; and SPGBEI 0.65 11/30/27 (Spanish gov't inflation-linked bond), which lost -3.17%.

Cumulative Returns as normalised on 30 Sep 2020



Source: Bloomberg. Data since Sep 2020 until August 2022, inclusive.

Monthly Net Returns since strategy change (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	-0.20	-1.15	-0.61	-0.53	-1.02	-2.31	2.18	-1.24					-4.83
2021	0.28	0.51	0.39	0.08	0.41	0.15	0.27	-0.13	0.12	-0.33	-0.41	-0.12	1.22
2020										0.23	1.31	0.09	1.62

Fund Information Albemarle Euro Bond Class I

Fund Type	UCITS V
Domicile	Ireland
Umbrella Structure	Albemarle Funds Plc
Investment Manager	Albemarle Asset Management Ltd
Fund Manager	Fabrizio de Tomasi
Bloomberg Ticker	ATEURBD ID
ISIN	IE00B28YL824
Inception	01/11/2007
Currency	EUR
Management Fees	0.40% p.a
Performance Fees	25% of the appreciated return value which exceeds the benchmark return of JP Morgan Global Government Bond EMU index
NAV frequency	Daily
Cut off	T-1 (1pm Irish time)
Settlement Sub/Red	T+2 Irish Business Days
Auditor	Grant Thornton
Administrator	Northern Trust International Fund Administration
Depository	Northern Trust Fiduciary Services (Ireland) Limited
Legal Counsel	Walkers

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Other Share classes

Name	ISIN	Bloomberg	Category
Class A	IE00BDHF6007	ATITLHA ID	Retail
Class MC	IE00BDHF6221	ATITHI1 ID	Retail

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