

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.

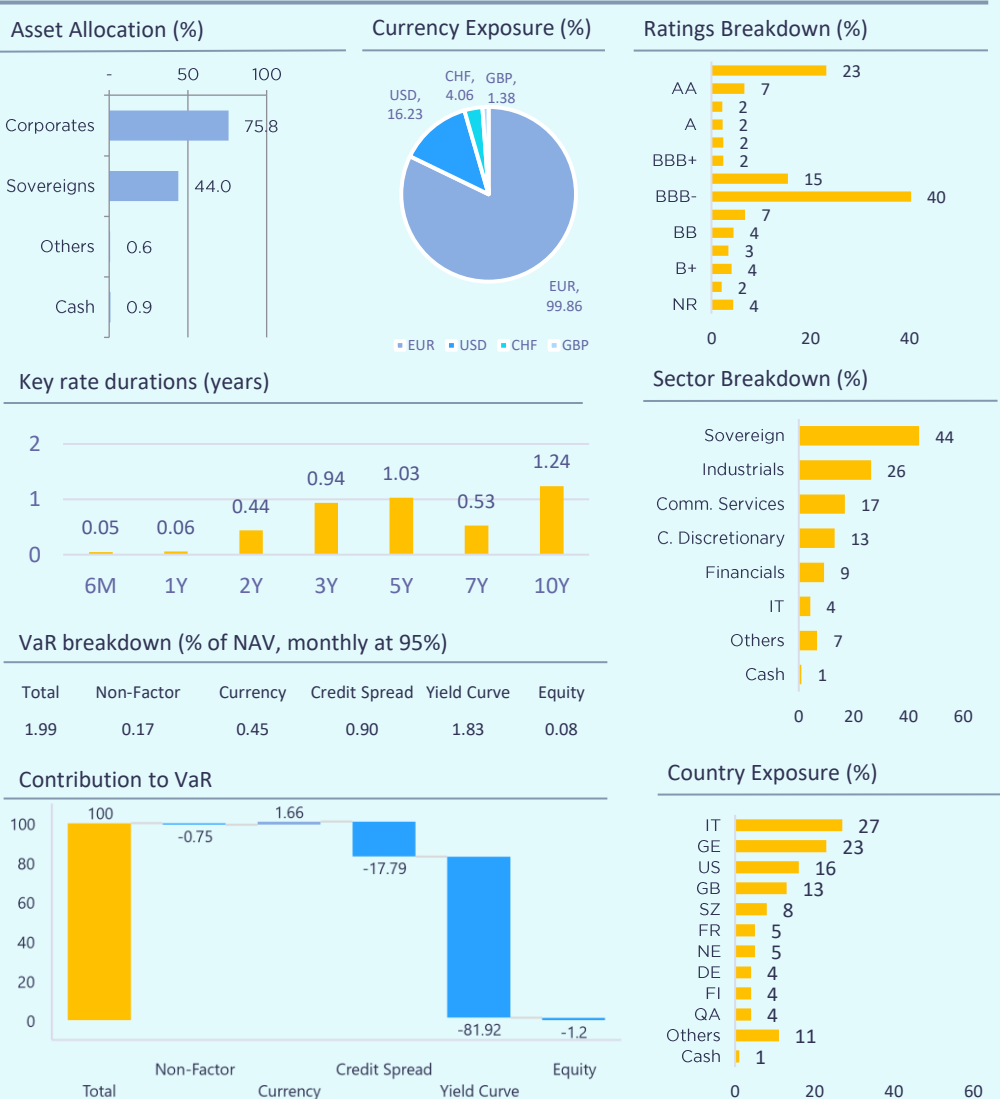
General macro views are implemented with variety of instruments; including inflation-linked bonds, floating-rate notes, various interest-rated derivatives, et cetera. Portfolio building in corporate bonds starts with screening a universe of 7000+ bonds to identify relatively cheap ones via a proprietary quantitative tool. The second step involves fundamental screening to further narrow down the list of possible investments. The third stage entails bottom-up fundamental analysis to make the ultimate decision of investing. The last stage utilises time series analysis to determine the optimal timing for a prospective trade.

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

Net Returns (%)

	December	YTD	6 Months	1 Year	Since strategy change	Since inception
Albemarle Euro Bond I class	-1.86	-6.58	-0.94	-6.58	-3.9	36.44
Benchmark JNEULOC Index	-4.46	-17.94	-6.84	-17.94	-19.79	44.24

Main Characteristics



ALBEMARLE
ASSET MANAGEMENT

December 2022

Monthly Net Return	-1.86%
Avg Monthly Return ¹	-0.14%
Annualised Volatility ¹	3.59%
Sharpe Ratio ¹	-0.39
Option-adjusted Duration (years)	4.00
EoM Monthly VaR (95%)	1.99%
EoM Daily VaR (95%)	0.43%
Inception	01 Nov 07
Change of Strategy	30 Sep 20
Morningstar Rating	★★★★

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 (%)

EURO BUND FUTURES MAR23	15.82
BTPS 0.35 10/24/24	7.04
US 10YR FUTURES MAR23	4.99
BTPS 0.45 05/22/23	4.74
QATAR 3 1/4 06/02/26	4.30

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

Commentary and 2022 Review

2022 was a year of change of market regime(s) that was prevalent for more than a decade since 2007. The predominant negative correlation between the stock and fixed income market turned positive due to the combination of cost-push nature of insurgent inflation, subsequent hawkish pivots from major central banks, geopolitical distress, and deterioration of the financial expectations. As a result, 60/40 portfolios significantly underperformed as compared to their previous performances, most of the financial assets lost significant value, and even the safe-haven perception of the Developed Markets (DM) government bonds have deteriorated.

6-month rolling correlation between SPX and US Aggregate FI Index. Source: Bloomberg



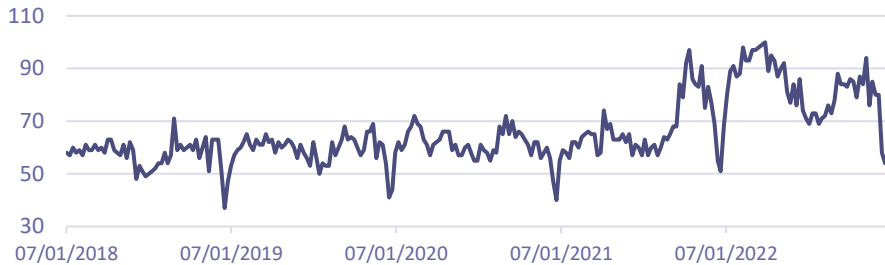
Nevertheless, Albemarle Euro Bond fund outperformed its benchmark JNEULOC Index by 11.37%, losing only -6.58% in this environment of distress and uncertainty while the benchmark lost -17.94%. The main drivers of the alpha were (i) short duration, (ii) exposure to inflation-linkers, and (iii) exposure to non-EUR currencies.

In this commentary we will discuss the main themes of 2022 and how they impacted financial markets and the Fund portfolio.

1. Supply chain issues

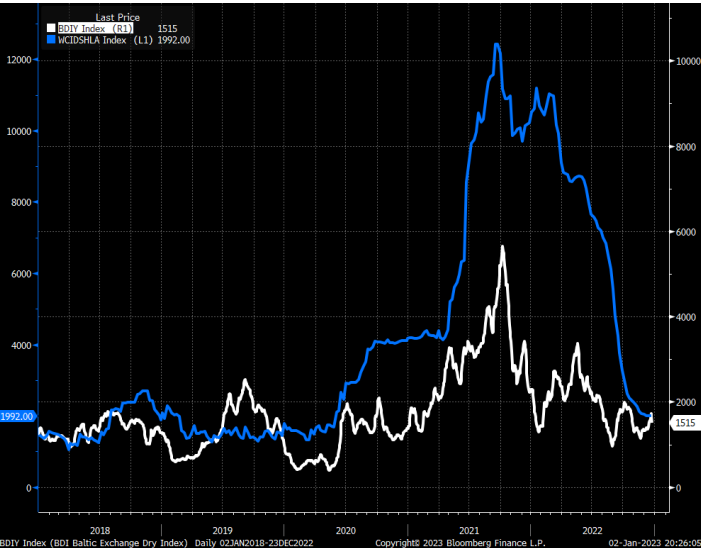
The pressures on the supply chain were already being discussed at 2H 2021. According to Google Trends, the frequency of the discussion jumped as high as ~60% already at the end of 2021.

"supply chain" Worldwide Google Search

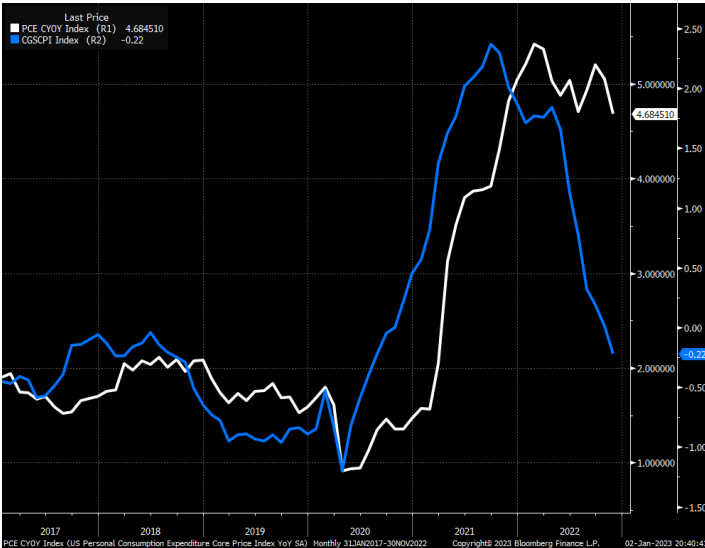


This behaviour was no surprise, because at the same time of the first peak of Google Search, October 2021, we observe a spectacular jump in the Baltic Dry Index (white, right axis) and as well as WCI Shanghai to LA Container Freight benchmark rate (blue, left axis). Consequently, those supply chain pressures had significant impact on the inflation as in the bottom right chart:

Baltic Dry Index and WCI DSHLA Index. Source: Bloomberg



Citi Global Supply Chain Pressure index vs US Core PCE YoY % Change. Source: Bloomberg



Commentary (cont'd)

As a matter of fact, there is statistically significant effect coming from first lag of change of Citi Global Supply Chain pressure index and the interaction variable between the first and second lags of the same index. Based on 80 monthly observations, the model can be constructed as follows:

$$\Delta YoY\ Core\ PCE = -0.0036 + 0.53 \times \Delta Supply\ Chain\ Pressure_{-1} + 2.4 \times (\Delta Supply\ Chain\ Pressure_{-1} \times \Delta Supply\ Chain\ Pressure_{-2})$$

This model has R² of 37%, meaning that lagged changes of global supply chain pressures explain 37% of variation of the US PCE Core inflation. There was evident relaxation in overall supply chain pressures, whether it is Baltic Dry Index, or freight prices between Shanghai and LA or other global indicators. If we assume that Chinese reopening will not distort this relaxation significantly, we should be seeing diminishing effect from supply chain to core PCE inflation. However, New York Fed states that “The Global Supply Chain Pressure Index’s recent movements suggest that developments in Asia are slowing down the return of the index back to historical levels”. (Source: <https://www.newyorkfed.org/research/policy/gscpi#/interactive>)

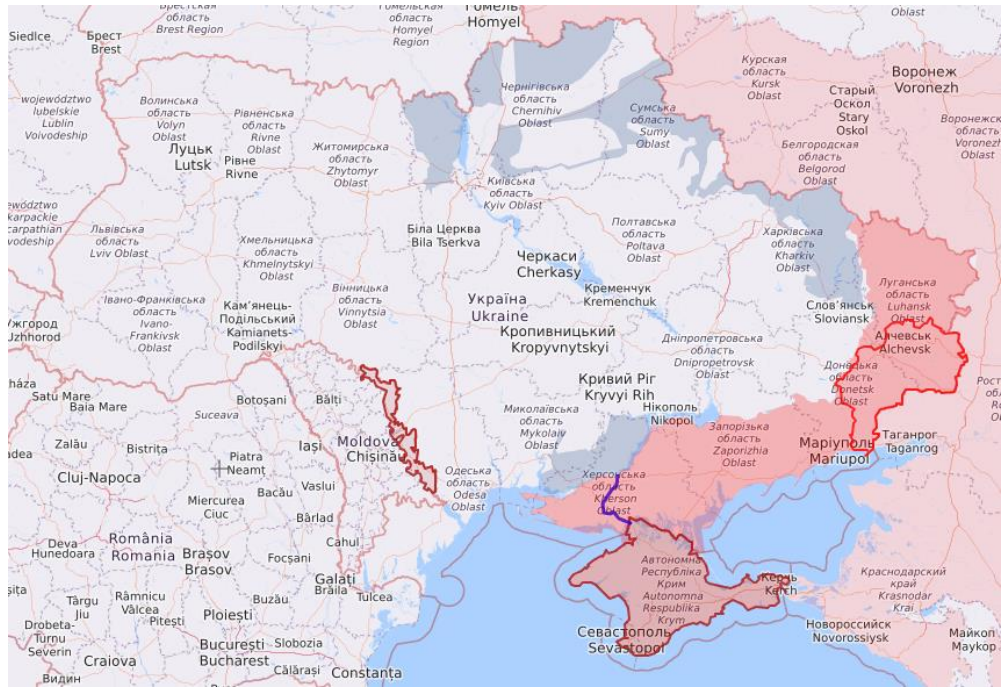
2. Russian – Ukrainian War

The aggression of Putin is not something that appeared overnight. The first Russian military aggression in foreign territory in 2000s took place in Georgia, in August 2008, upon Georgia’s efforts to re-establish its authority on the breakaway regions of Abkhazia and South Ossetia, which are also UN-recognised territory of Georgia. This military conflict lasted 16 days, resulted in Russian victory and Georgia lost control of Abkhazia and South Ossetia to the Russian-backed separatists. The second major illegal Russian involvement on foreign soil took place in Ukraine in 2014, following ousting of Russian-backed Yanukovich amid Maidan protests. Shortly after, Russia illegally occupied Crimea and backed the separatists in Donetsk and Luhansk oblasts that were fighting against the Ukrainian army. Even though those aggressions resulted in several sanctions against Russia, these were apparently not enough to stop Putin.

The situation became more tense in second half of 2021. In July 2021, Putin has written and ordered to distribute an article called “Historical Unity of Russians and Ukrainians”, in which he re-writes whole history and undermines the Ukrainian identity. (<https://www.atlanticcouncil.org/blogs/ukrainealert/putins-new-ukraine-essay-reflects-imperial-ambitions/>) American and British intelligence services started to warn more frequently about a possible Russian invasion, according to various sources, including satellite imagery. Lastly, and unfortunately, the invasion started on 24th February 2022, resulted in many military and civilian deaths and displacements.

In the first days of invasion the Russian army achieved significant advances as it commenced the attack on numerous fronts, including from the north using Belorussian territory and from the south, using occupied Crimean territory. However, they could not capture a major settlement, except for Mariupol on Azov Sea, and they had to retreat from Kyiv, Chernigiv, Sumy and Kharkiv oblasts amid fierce Ukrainian resistance that is supported with military systems from NATO. The current situation of the front line as of 2nd January 2023 is as follows:

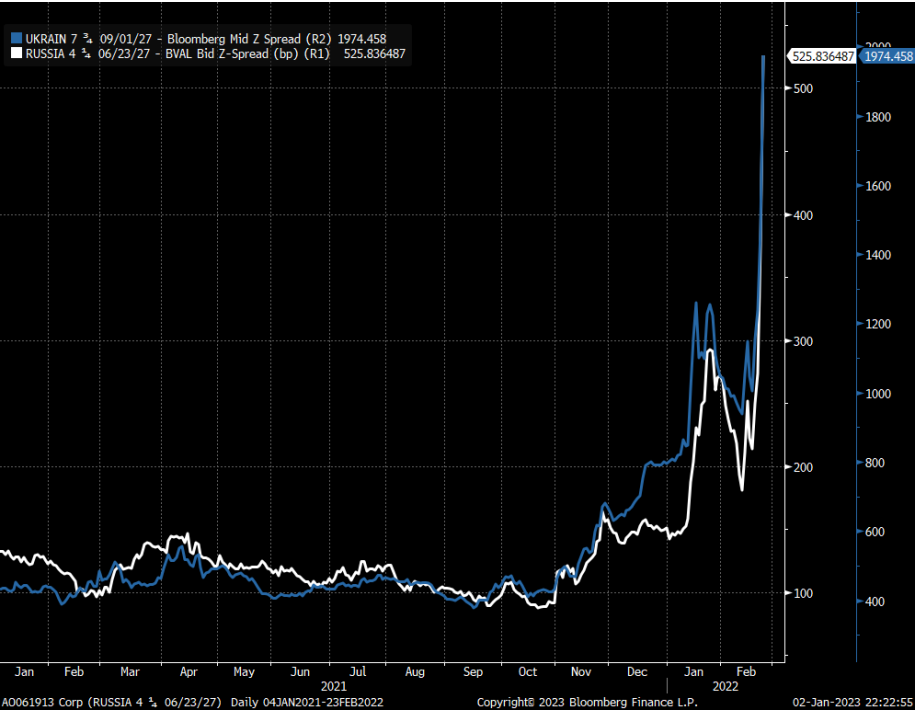
Blue – Ukrainian advances, Red – Russian advances. Source: liveuamap.com



Naturally, the financial markets reacted accordingly. Overall distress started in Russian CDS and Ukrainian sovereign bonds around November and jumped during January. The below chart on the next page shows Z-spread on 5-year sovereign bonds of Russia (white) and Ukraine (blue) starting from January 2021 until the day of invasion. Even though there was a clear distress in those bond markets, the probability of war was never fully priced in until the Russian missiles started to fly in Ukrainian skies.

Commentary (cont'd)

Source: Bloomberg



Apart from the human tragedy, one of the main externalities of the war was the jump in oil and wheat prices. As of end of 2021, Russia made up 13.1% of total wheat exports and was the top exporter, while Ukraine made up 8.5% and was the 5th exporter (<https://www.worldstopexports.com/wheat-exports-country/>). Similarly Russia was also the 2nd top oil exporter as of 2021, making up 8.3% of total crude oil exports (<https://www.worldstopexports.com/worlds-top-oil-exports-country/>).

The distress in the oil markets showed itself in both direction and backwardation in the crude oil futures. On top of rise of oil price throughout early 2022, the backwardation in the crude oil futures curve has reached the uncharted territory a week after start of the invasion, on 2nd March. The market demand exploded so much that difference between the 3rd and 2nd contracts reached the lows that were never seen before since 1991 Gulf Crisis.

Difference between 3rd and 2nd crude oil futures contracts. Source: Bloomberg



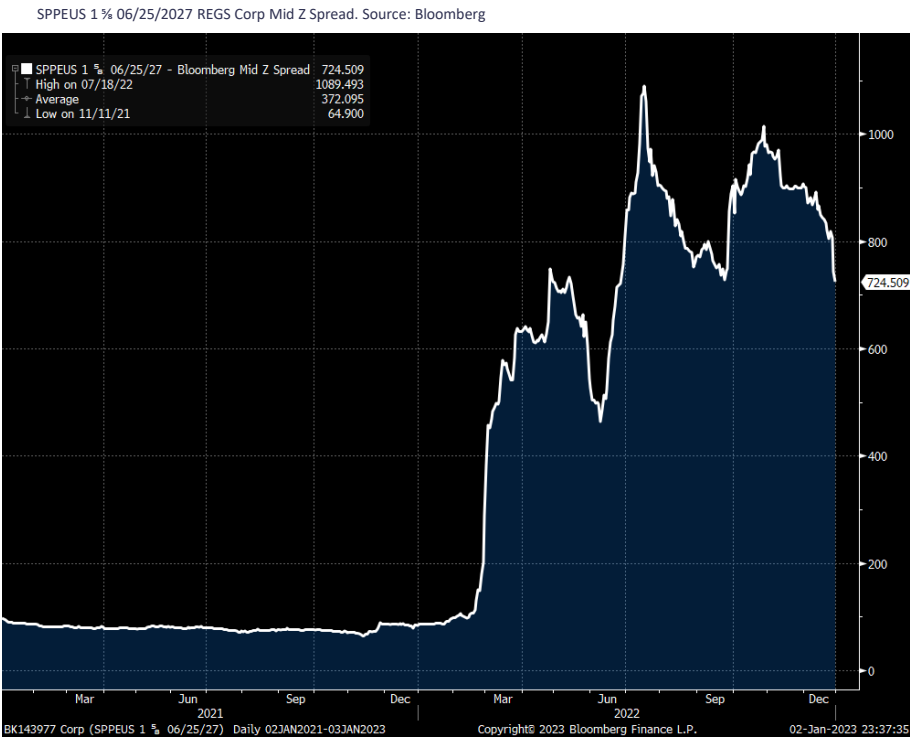
Higher energy prices, coupled with geopolitical distress and rate hike expectations, resulted in higher credit risk in European corporates, to which the Fund had (and still has) significant exposure.

Generic 1st crude oil contract (white), iTraxx Xover (green), iTraxx Main (purple). The vertical line denotes start of the invasion. Source: Bloomberg



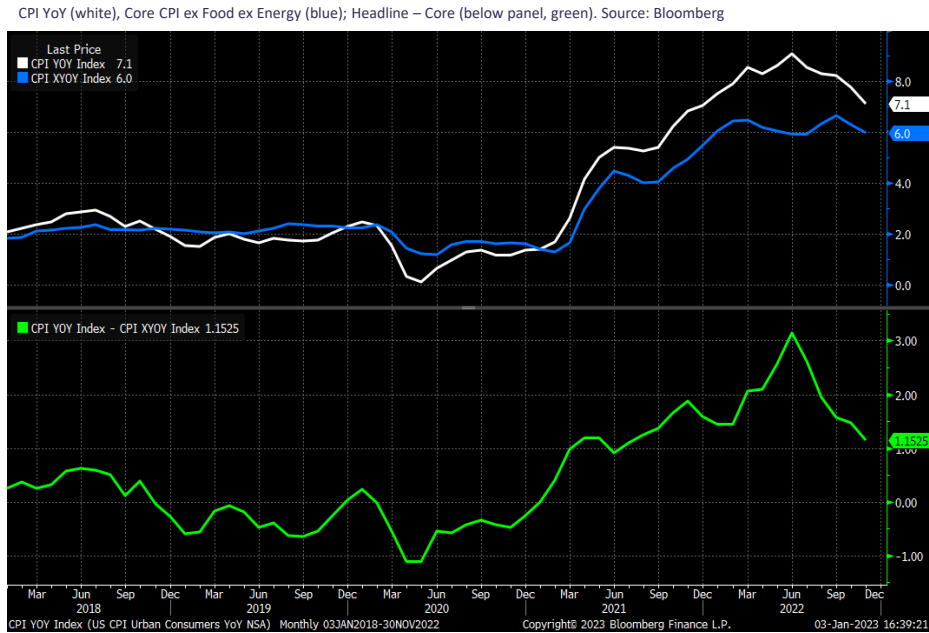
Commentary (cont'd)

The overall situation also resulted in Eastern European energy companies to be traded at distressed levels, too, regardless of their ownership. The Slovakian government-owned gas distribution company Eustream AS (Fitch BBB, Moody's Ba1) 2027 € bond is a good example for this.



3. Inflation, Central Bank Reactions, and Base Rates

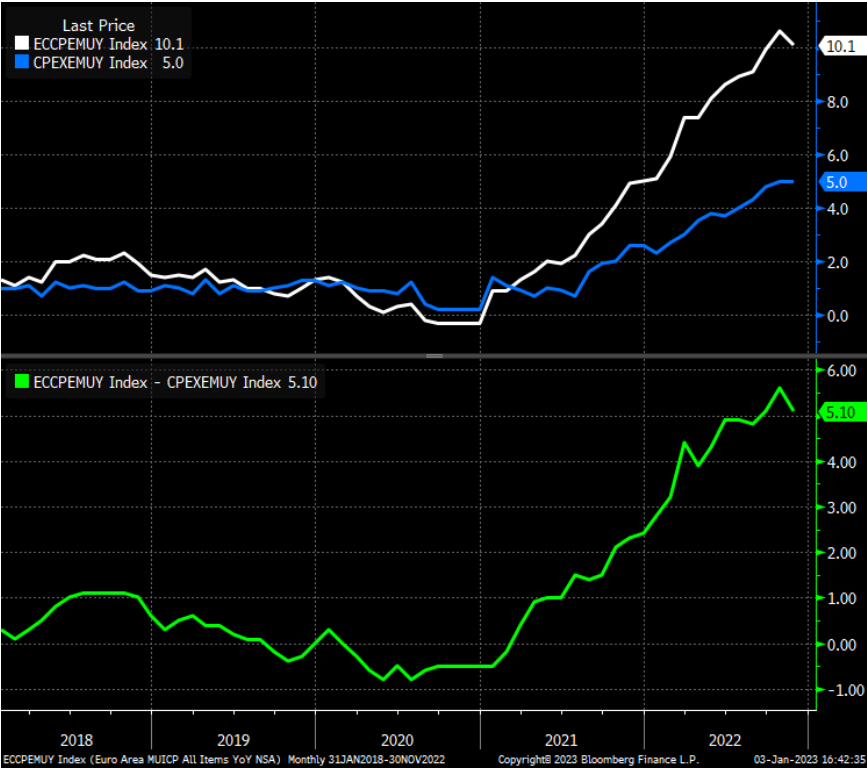
Probably by far the most dominant theme in financial markets in 2022 were inflation and reaction of major central banks. The early signs of incoming inflation were showing itself in 1H2021, especially in headline inflation in the US. The core inflation was also picking up, however slower than headline (see the spread below) and thus it was discredited by the Fed as “transitory”. However later on the core inflation didn’t cool off, on the contrary, continued to rise even higher, resulting in the Fed to assume a hawkish stance that hasn’t been seen for a while.



The situation in Europe is slightly different from core inflation perspective. Even though the headline inflation started to go up in 2021 due to rising energy and food prices, the core inflation remained subdued until end of 2021. Unfortunately, the core inflation gained a momentum in 2022, along with the headline inflation. It is also interesting to contrast US inflation with the European one from the perspective of spread between the headline and core inflation. In the US the core inflation has been flat around 6% (albeit too high for Fed) and the headline inflation has been cooling since June 2022, which resulted in the spread between them to tighten. On the other hand, we cannot observe a similar movement in Europe, where the momentum in both headline, core, and their spread seem to be increasing for now. (see the next page)

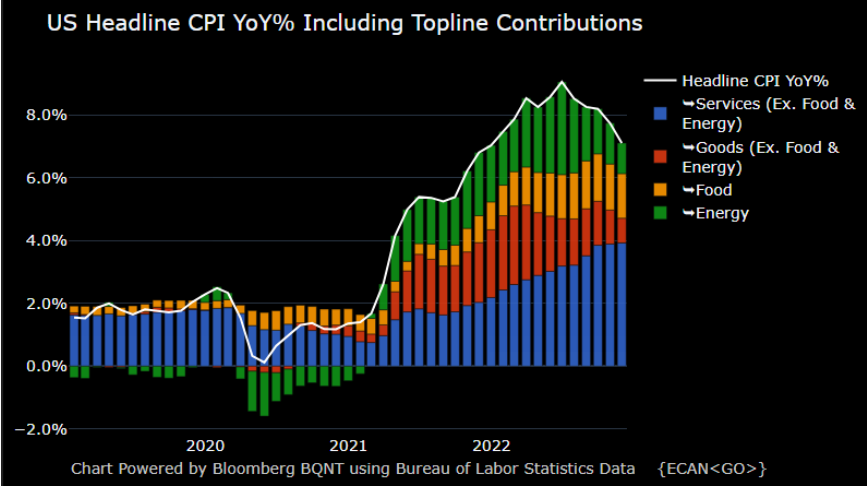
Commentary (cont'd)

Euro Area MUICP All Items YoY (white), Euro Area MUICP All Items ex Food ex Energy (blue); their spread (second panel, green). Source: Bloomberg



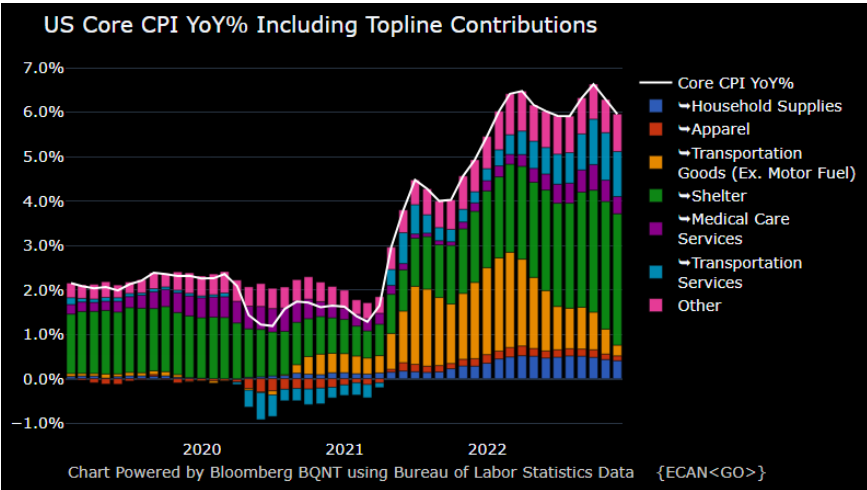
When we look at the underlying contributions, the overall picture gets more meaningful. In the US, the biggest laggards of the headline inflation are energy and goods, meanwhile contribution from services continue to increase and contribution from the food seems to be sticky.

US Headline CPI contributions. Source: Bloomberg ECAN



If we look at the biggest contributors of the US Core inflation, we see that throughout 2022 shelter inflation turns out to be the most dominant contributor:

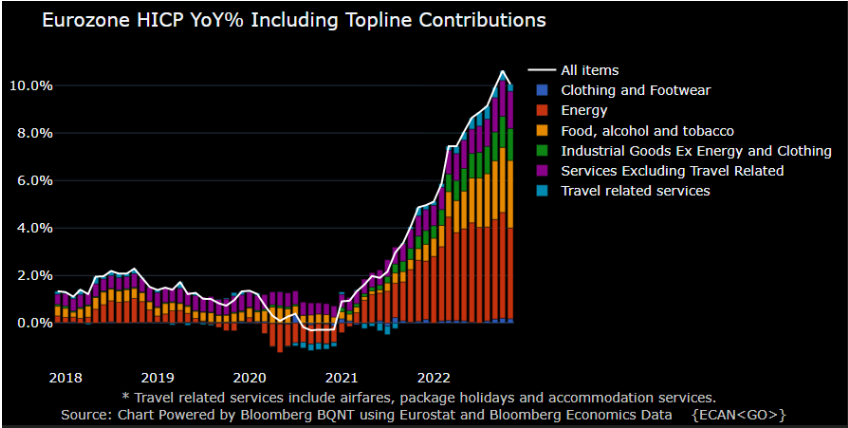
US Core CPI contributions. Source: Bloomberg ECAN



Commentary (cont'd)

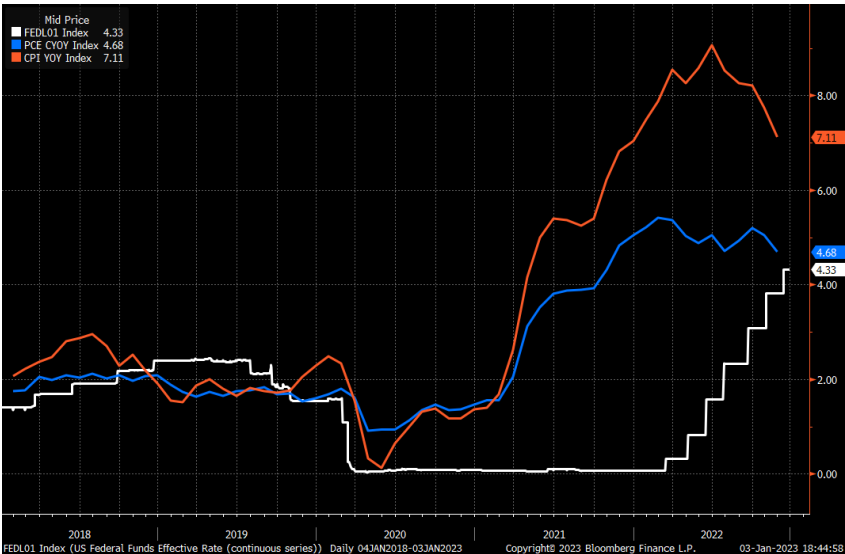
The Eurozone headline inflation appears to be contrasting to its American counterpart from diffusion perspective. Almost all its contributors seem to be strengthening, with energy and food are the main leaders, followed by services.

Eurozone headline CPI contributions. Source: Bloomberg ECAN



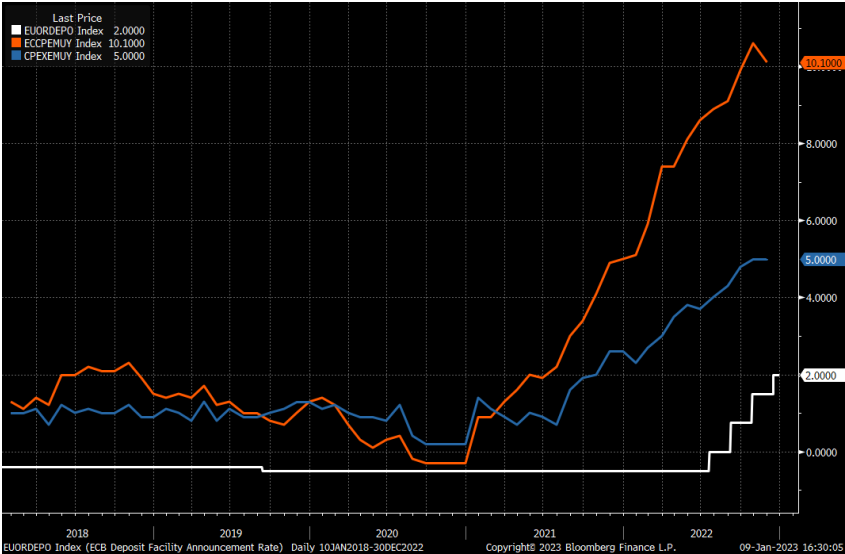
The Fed and the ECB, naturally, reacted to those developments by hiking the corresponding policy rates. The problem was, as it is still being discussed widely, they appear to be rather late in rate hikes, as well as their “transitory” narrative. Upon realising that the inflation genie is out of the bottle, the Fed started to hike with 25bps increment in the 1Q 2022, then 50bps, followed by consecutive steps of 75bps and 50bps in the December 2022 meeting.

Fed Funds Effective Rate (white), YoY headline CPI (orange), YoY core PCE (blue). Source: Bloomberg



The ECB was rather reluctant to start hiking. It waited until July 2022 to hike deposit rate to 0% from -0.5%, when headline inflation was already 8.90% and core inflation was 4%. ECB later on did further 2 consecutive 75bps hikes and one 50bps hike, thus brought the deposit rate to 2%.

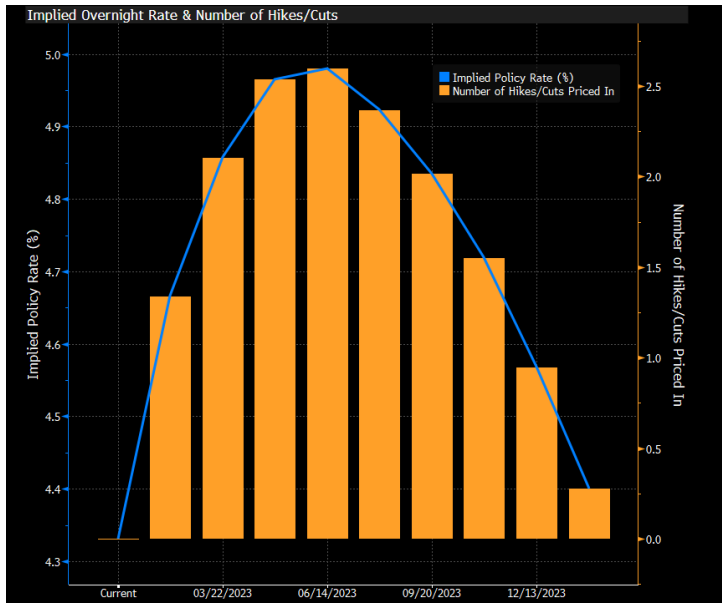
ECB Deposit Rate (white), YoY headline Eurozone CPI (orange), YoY core Eurozone CPI (blue). Source: Bloomberg



Commentary (cont'd)

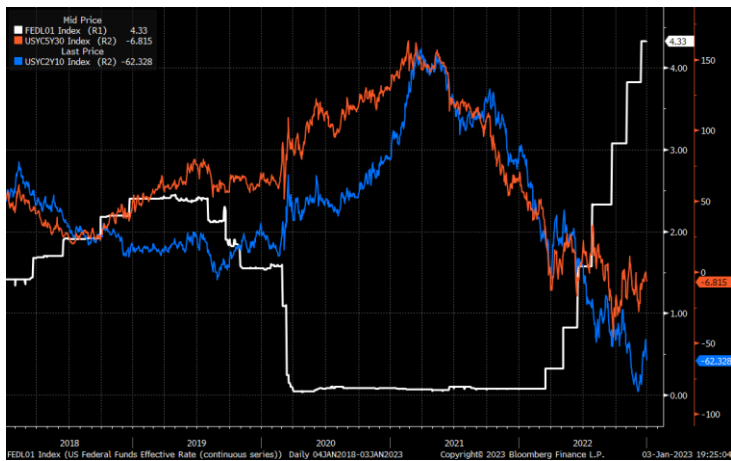
Judging by the timing and the effectiveness of the hikes, late and ineffective respectively, the market is pricing that ECB effective rate will reach to 3.4% in 2H 2023 and will stay there for rest of the year. On the other hand, the market seems to be much more confident in the Fed to bring the inflation down, as the Fed funds futures are now pricing **cuts** after the effective rate reaches c. 5% in June 2023.

Implied overnight rates as priced in Fed funds futures market. Source: Bloomberg



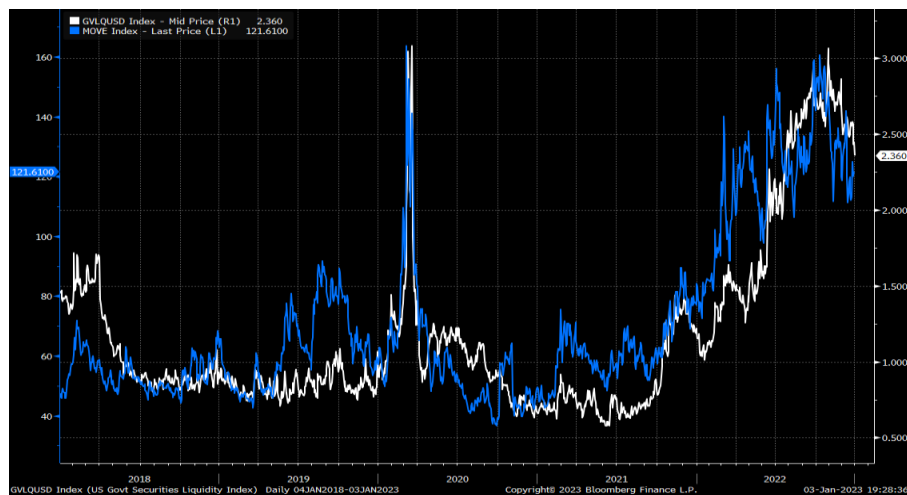
The aggressive hikes from the Fed also effected term premium in the Treasury markets as well. In 2021 the Treasury curve got as steep as it has never been since 2015. Both 2-10 and 5-30 spreads reached 150bps level in mid-2021. However, as the inflation started to pick up in the US, the Treasury markets did not bought the “transitory” narrative coming from Fed, resulting in short term yields to increase much fast than those of longer term, diminishing the term premium that makes up future expectations of growth and inflation. By end of 2022, 2-10 spread has seen -84bps, that has not seen since early 80s.

Fed Funds Effective Rate (white), 5-30 spread (orange), 2-10 spread (blue) Source: Bloomberg



Letting the inflation genie out of the bottle, change in the narrative and aggressive hikes from the Fed have, naturally, caused a turmoil in the rates market. The VIX index of the Treasury markets, known as MOVE Index, jumped, as well as the liquidity has dried to the levels of the Covid panic in March 2020.

US Gov't bonds liquidity index (white), MOVE Index (blue). Source: Bloomberg

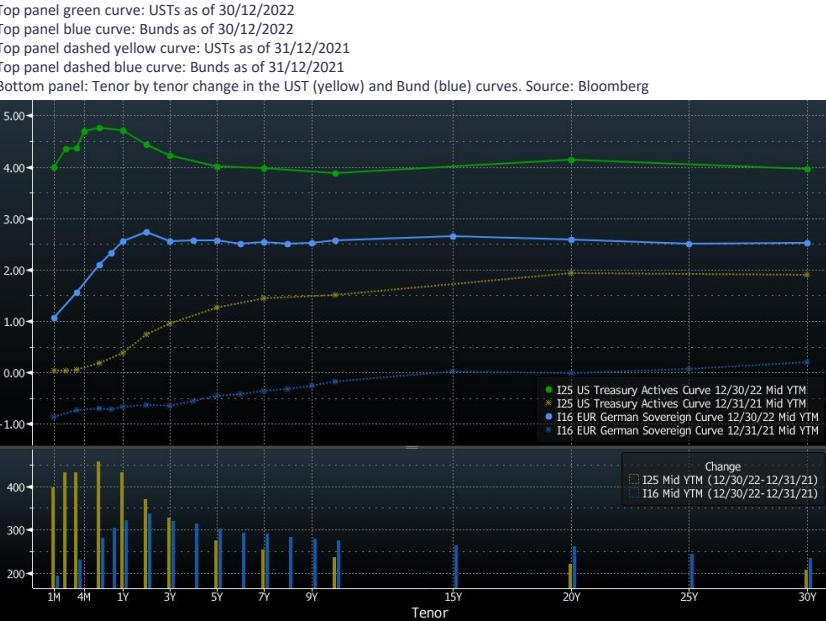


Commentary (cont'd)

All of these uncertainties, hikes, and unstoppable inflation (yet) resulted in financial conditions to tighten, especially in the US. The Fed has managed to tighten the conditions beyond the Covid panic and even further to the levels of the hikes in 2018. On the contrary, reluctance of the ECB has shown itself here as well, as the GS FCI index for Europe could not even reach to 2H 2020 levels, the middle of pandemic.



Fed's determination to quell the inflation and undecisive and late actions from the ECB were also reflected in the curves in general. As discussed above about the Fed funds futures market, the Treasury market is also pricing in significant cuts 6 months later, whereas the front-end EUR curve is not pricing any cuts for the next year. Both curves have undergone bear flattening, whereas US curve has flattened much more than the Bund curve because of the differences between the central banks. Lastly, longer term US yields also moved slightly less than those of Bunds.



Finally, it is important to mention the peripheral spreads in the Eurozone. As of Q2 2022, government debt to GDP stands at 150.2% in Italy, 116.1% in Spain, 123.4% in Portugal, and 182.1% in Greece. In Italian case, the government debt to GDP ratio during the pandemic topped at 158.9% in 1Q 2021 from 4Q 2019 level of 134.1%, making the Italian bonds more vulnerable to rate hikes from ECB. As a result, 10-year Italian German spreads widened, albeit not pre-pandemic levels, and stood far below 2012 Debt Crisis levels amid spread control from the ECB.



4. EURUSD

2022 was the year of dollar strength in the FX universe. There are quite a few reasons for that including Fed hawkishness (as discussed above), the US being rather isolated from the current energy crisis, and a stronger labour market, which also reinforced Fed hawkishness. DXY started the year at 95.67, topped 114.106 at the end of September and concluded the year at 103.522, meaning 8.21% nominal appreciation throughout 2022.

The difference between the future market expectations for the policy rates, where we can use 1y1y forward rates as proxies, had pretty much shaped DXY strength in 2021 and 2022, while it did not have any effect in the-pandemic period, as below:



On the other hand when we consider the 1y1y forward volatility of the rates, which are derived from swaptions, appear to have positive correlation with the DXY strength up until 2022, then this correlation seems to be reversed. However, if by any reason, if we are to observe an appreciation of DXY towards 110-115 levels in the next 6 months, one can create a hypothesis about c. 6-month lagged effect of the volatility differential on the DXY, which seems to be in the scope of much deeper econometric discussion.

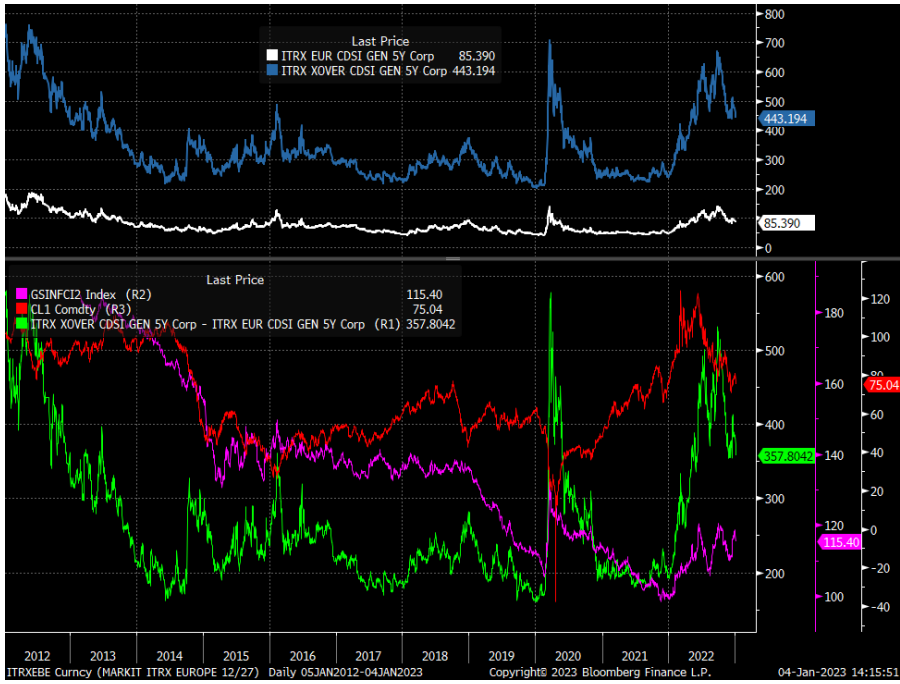


5. Credit spreads and Fundamentals

Undoubtedly, Europe was one of the regions where the headwinds of 2022 were felt firmly. A full scale war going on right next to its borders, its possibility to spill over, the energy crisis and urgent need to diversify away from Russia, uncontrollable inflation, and consequent rate hikes from a previously reluctant central bank created immense pressure on the European IG and HY credit.

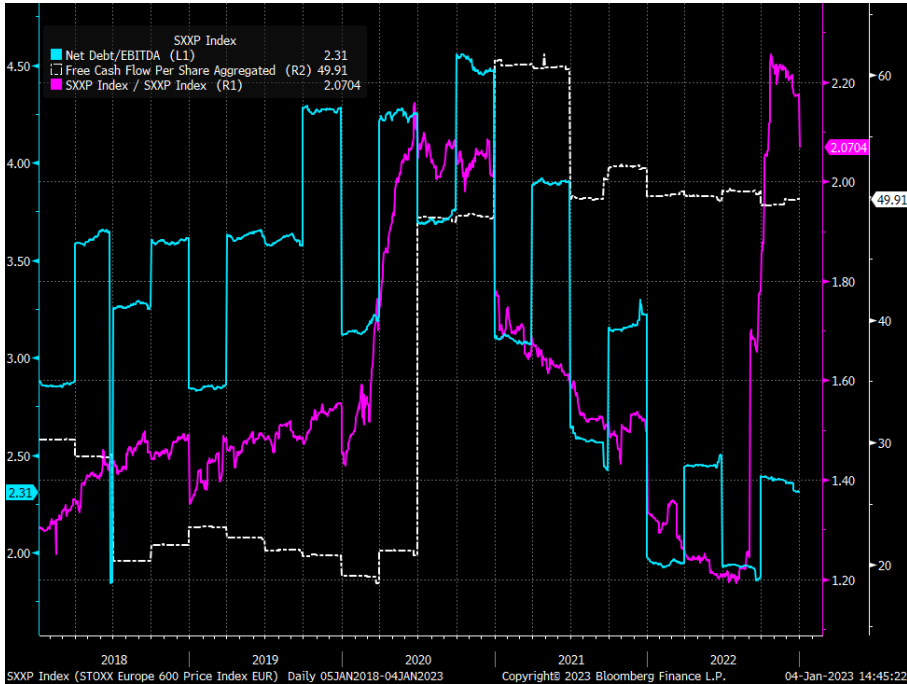
Those headwinds had even bigger effect on the European HY. The spread between the main European CDS index and HY index have widened from 200bps to as high as 550bps, which was previously seen only during the Covid panic and 2012 debt crisis. The sell-off of HY eased and HY – IG spread tightened by 150bps during 3Q 2022 amid retreat in the oil prices and absence of spike in tightness of European financial conditions as calculated by Goldman Sachs.

Top panel white line: iTraxx Main (IG)
Top panel blue line: iTraxx Xover (HY)
Bottom panel green line: The spread between the above.
Bottom panel purple line: GS FCI Index for EU
Bottom panel red line: Generic 1st crude oil futures contract. Source: Bloomberg, Goldman Sachs



On the fundamental side, free cash flow generation capability of the European companies stayed the same over 2021 and 2022. Overall indebtedness from net debt to EBITDA perspective continued to go down, as well. However higher energy prices, as well as higher prospective interest expenses, are reflected as much as twice than before in the net debt to EBITDA estimates starting form 3Q 2022. It is important to note down that those fundamental estimates have lagged the overall distressed pricing in the CDS markets by at least 2 quarters. In 1H 2022 while those estimates were displaying a rosy picture of deleveraging in net debt to EBITDA, both iTraxx Main and iTraxx Xover indices were already picking up.

Blue: Realised net debt/EBITDA of Stoxx 600. Purple: Estimated net debt / estimated EBITDA of Stoxx 600.
White dashed line: FCF per share of Stoxx 600. Source: Bloomberg

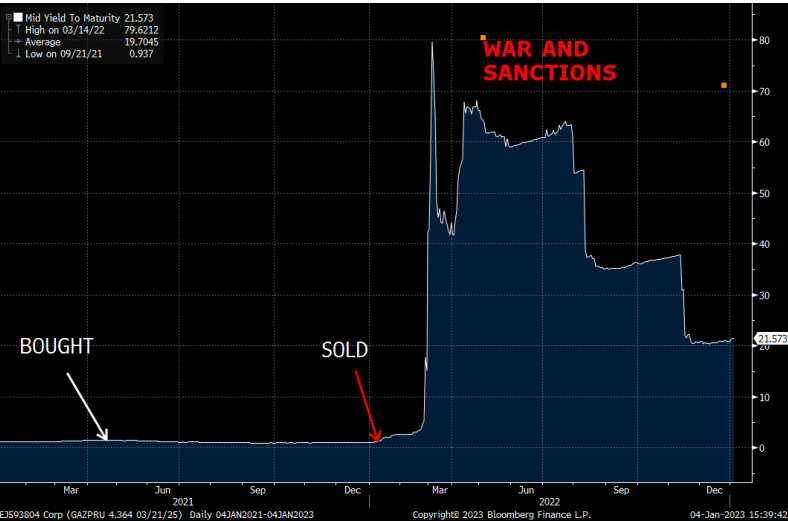


6. What did we do right and wrong?

a. Gazprom 4.364 03/21/2025 Trade

GAZPRU 4.364 03/21/2025 Corp was bought on 21 April 2021 at clean price of 110.450 and Z-spread of 197bps. Upon continuous public warnings from the American and British intelligence heads and increased probability for a war, the risks were deemed to be much more at downside, and it was sold on 10 January 2022 at clean price of 109.239 and Z-spread of 146bps. This trade had 2.05% holding period return and had 4.5bps contribution to overall bond performance. If it was not sold on the 10th of January, it would have returned as low as -80%, as well as regulatory actions would be triggered on top of inhuman burden of financing the war effort of an aggressor.

YTM of GAZPRU 4.364 2025. Source: Bloomberg, Albemarle Asset Management



b. Inflation Linkers

The portfolio had sizeable exposure to the European inflation linkers between 17% and 20% even before the change of strategy in September 2020. The overall linker position has little changed except for a rebalance to exploit relative value differences in April 2021. Out of this position, c. 10% was allocated to the Italian inflation through the Italian linkers. Due to the incumbent peripheral risk, 2 low duration Italian inflation linkers were selected. The rest of the linker portfolio was equally distributed between German, French and Spanish linkers that track general European inflation. The inflation-linkers provide protection against inflation through carry of the reference index as long as they are held in the portfolio. Meanwhile they are sensitive to changes in real rates, which might result in capital gain or loss on top of the inflation carry.

Performance Contribution from Linkers



c. Royal Caribbean Cruises 2023 Bond

RCL 10 7/8 06/01/23 was bought first on 23 November 2020 as part of general reopening trade. The position was further increased on 9 September 2021. The bond was called on 7th October 2022. Throughout 2022, it returned 17.57% (including coupon and FX, as the bond was denominated in USD) and contributed 34bps to the overall fund performance, making it the best performing bond of the Fund in 2022.

RCL 10 7/8 06/01/23 Return Contribution



Commentary (cont'd)

d. Gilt Short

One of the important macro events were the turmoil in the UK politics and consequently, the UK macroeconomics. Upon assuming power in mid-September, Liz Truss and her aide Kwasi Kwarteng went full in in their so-called mini budget which was basically over-expansionary fiscal expansion. When she assumed power, 10-year benchmark Gilts were trading at 3.10%. As her mini budget seemed to be unsustainable due to the fact that the UK economy suffers from twin deficit, and the only way to sustain such a budget was borrowing more and more, the Gilt rates started to go up. As she didn't stand back from her stance, we have shorted the 10-year benchmark Gilt at 3.50% on 22 September Thursday. The timing was very right, and the Gilt yields skyrocketed right after that. In the next 2 trade days 10-year reached 4.50% and started to retreat. Considering that all the bad news is already priced in, we have closed our short at 4.15%, making 8.4% on the short position and contributing 20bps to overall Fund performance.

Yield of 10-year Gilt. Source: Bloomberg, Albemarle Asset Management



e. Ülker 2025 Bond

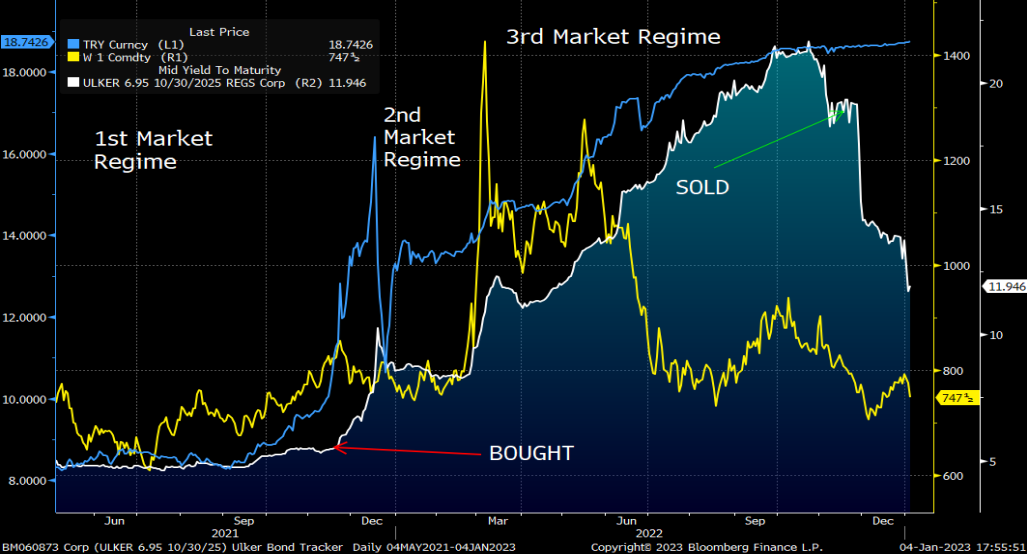
Ülker Bisküvi is a market leader producer of sweet snacks in Turkey, Middle East and Central Asia. The majority shareholders of the company are Pladis Foods (51%) and Yildiz Holding (7.48%) and the rest is publicly traded in Borsa Istanbul, with market cap of TRY 16bn as of 4th January 2023. The company had historically low indebtedness, where net debt to EBITDA usually stayed below 2x and net debt to equity stayed below 50%, thanks to its strong operations, market position, and pricing power in snacks market. However financial management of the company was not as good as the operational management. The company has significant debt in foreign currency, TRY20bn (USD1.1bn), corresponding to 83% of its total debt, as of 4th January. On the other hand, as of end of 2021 only 17.5% of the revenues are sourced from abroad, i.e. in foreign exchange. The company partially hedges its FX liabilities, however at the end of 2021 only a small part was hedged. Also as a snack maker, the company uses wheat as a major input, which makes its financials sensitive to the wheat prices, as well.

ULKER 6.95 10/30/2025 Corp has fared in three different market regimes over 2021 and 2022, as shown in the chart below. The first market regime dominated most of 2021, where the yield on Ülker bond was insensitive to Turkish Lira and wheat prices. We have bought the bond during this market regime in early November. Later, in late November and December 2021, the pressure on Turkish lira has significantly increased as worries of the unorthodox monetary policy in Turkey started to mount further, resulting in USDTRY exchange rate to go all the way to 18 on 17th December from 9.54 in beginning of November. The exchange rate dropped below 12 in one day due to a mixture of macro-prudent regulations, however it was not end of for volatility of Turkish lira. Hence the 2nd market regime for Ülker bond started, in which Turkish lira exchange rate had a meaningful impact on the yield of the bond, and unfortunately it only pushed the yield up. The second shock arrived soon. With the aggression of Putin on 24th February, the wheat prices spiked on top of still-depreciating Turkish lira, further strengthening the downward momentum of the Ülker bond and created the 3rd market regime, where the bond is affected from both depreciating Turkish lira and increasing wheat prices.

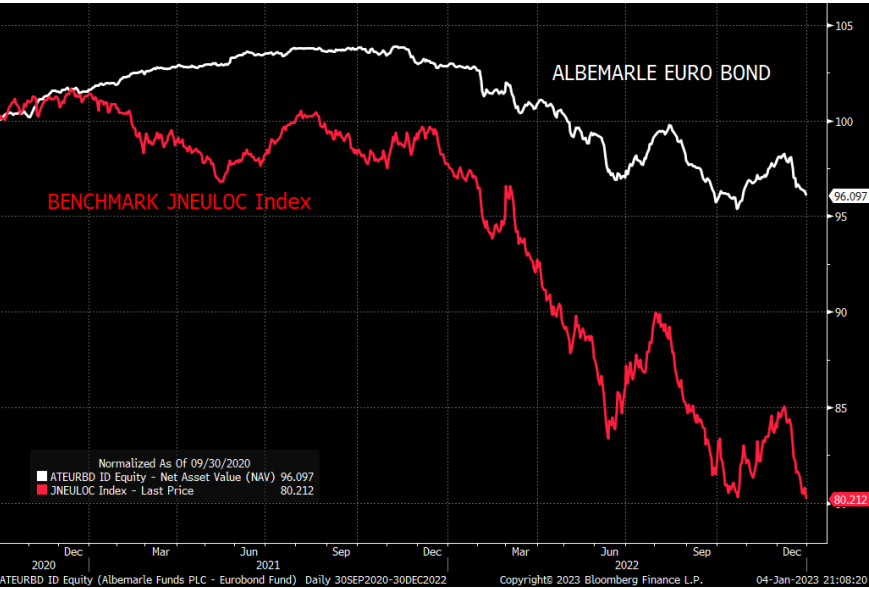
The company started to lose money on the unhedged part of its FX liabilities, as well as higher input costs, pushing its net debt to equity from 30% at 2Q 2021 to 324% in Q3 2023. Admitting that we have made a mistake, we have tried to sell it quite a few times, however, the market was quite illiquid that there was no buyers at all for some time. Finally managed to sell it on 17th November with -6.90% holding period loss and -22bps to performance contribution. The fact that the bond was denominated in USD absorbed significant portion of the loss as USD has appreciated against EUR by 10.52% during this period.

Price of the bond continued to go up after we sold, however we still deem the bond to be un-investable, because the company has USD451m syndication loan maturing in early 2023 and the company has been negotiating with the lenders to roll it over since September 2022 without any news. Should this syndication loan will not be rolled over, or rolled over by less than 50%, the probability of default for this 2025 bond should skyrocket. In this case, the bond might be a nice target for a distressed debt fund, however Albemarle Euro Bond fund does not have such a mandate.

YTM of ULKER 2025 (shaded, white), USDTRY exchange rate (blue), generic 1st Wheat contract (yellow). Source: Bloomberg, Albemarle Asset M.



Return Comparison as Time Series



Normalised returns of Albemarle Euro Bond and benchmark JNEULOC Index since change of strategy on 30/09/2020 30. Source: Bloomberg

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 Çağatay Günay
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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Albemarle Asset Management	+44 207 290 7730 21 Upper Brook Street, London W1K 7PY United Kingdom

Other Share classes

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

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	-2.15	0.65	1.55	-1.86	-6.58
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

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