



## Fund summary

The Fair Oaks Dynamic Credit Fund (the "Fund") offers global access to senior secured corporate loans through investments in Collateralised Loan Obligations ("CLOs"). The Fund is actively managed with a strong emphasis on bottom-up fundamental credit analysis. The Fund primarily seeks exposure to investment-grade rated CLO securities on a long-only basis and with no leverage used at fund level.

## Fund commentary

The Fund generated a total return of -0.24%<sup>1</sup> in April 2018, while the Credit Suisse European High Yield and Western European Loan indices generated positive returns of 0.64% and 0.56% respectively. In the first four months of 2018, the Fund has generated a 0.55% total return with 0.46% volatility<sup>1</sup>, versus a -0.25% total return and 2.04% volatility for the Credit Suisse European High Yield Index.

Primary Euro BBB and BB CLO notes widened 5bps and 35bps to Euribor+2.50% and Euribor+5.25% respectively<sup>2</sup>, reflecting a very active primary market. US and European CLO new issue volumes reached \$19.9 billion in April, up 17.3% from March (\$16.9 billion)<sup>3</sup>. Euro investment grade and high yield spreads ended the month 5bps and 17bps tighter, at 0.27% and 3.71% respectively<sup>4</sup>.

The Fund invested in two assets: a new issue in the primary market and a second in an existing BBB rated note where the Fund increased its exposure. The Fund also reduced its holding in one BB rated investment and saw a prepayment at par from a BBB rated note. The total number of positions in the portfolio remained unchanged at 95, offering exposure to more than 1,430 underlying senior secured bank loan issuers<sup>5</sup>.

We continue to believe that the Fund is well positioned for the current environment of rising rates and an end of the era of "easy money". We favour floating-rate CLOs and the underlying senior secured bank loans, versus long-duration, fixed-rate, unsecured high yield or investment grade bonds. We also believe participation from insurance companies, pension funds and other long-term investors in the CLO debt market, plus the lack of passive ETFs<sup>6</sup>, should reduce volatility.

1. Performance and daily volatility on M EUR Class.

2. JP Morgan: Primary EUR- CLO BBB Spread to 6M Euribor; Primary EUR-CLO BB Spread to 6M Euribor.

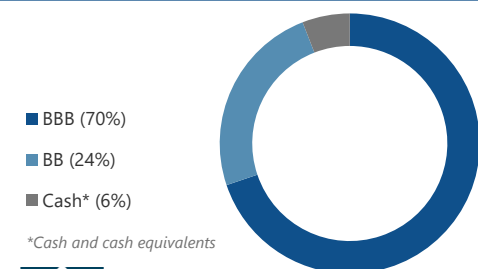
3. JP Morgan: YTD CLO Issuance report 2018-04-30.

4. JP Morgan: iTraxx Europe Main On the Run (3Y) Unfunded JP Morgan CDS Spread Mid; Euro HY Summary Spread to Worst.

## Top 5 positions

Deal Name	Rating (M/S/F)	Par Amount
ALME 4X DR	Baa2/NR/BBB	€ 11,500,000
OCPE 2017-1X D	Baa2/BBB/NR	€ 10,000,000
SPAUL 8X D	Baa2/NR/NR	€ 10,000,000
HARVT 18X D	Baa2/BBB/NR	€ 10,000,000
EGLXY 2018-6X D	Baa2/BBB/NR	€ 10,000,000

## Rating breakdown



\*Cash and cash equivalents


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 CAPITAL

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## Technical detail

Legal Structure	Luxembourg SICAV-Alpha UCITS SICAV
Domicile	Luxembourg
Launch Date	13/09/2016
Fund Size	€499.6m
Dealing	Weekly (Wednesdays)
Valuations	Daily Non-Dealing and Weekly Dealing NAVs
Return Profile	Libor+4% p.a. (net target returns)
Base Currency	€ denominated
Investment Manager	Fair Oaks Capital Limited
Management Company	MDO Management Company S.A.
Administrator / Custodian	RBC Investor Services Bank S.A.
Auditor	Ernst & Young S.A.

5. Based on loan par value weighted by Fund's proportional ownership in investment. Source: Intex.

6. Citi Global Structured Credit Focus report (Jan 2018) on US CLO Investor Base in 2017FY (mezz investor breakdown: 34.1% asset manager, 12.4% bank, 5.8% hedge fund, 38.0% insurance, 4.8% mutual fund, 2.0% pension, 2.7% structured credit fund and 0.2% family office)

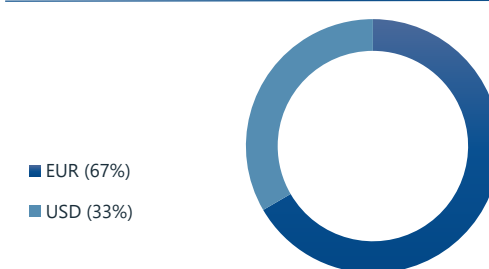
## Portfolio metrics

No. of positions:	95
Expected average life:	4.6 yr
Yield to expected call <sup>5</sup> :	Libor+3.69%
Floating rate (%):	100%
Fixed rate (%):	0%
Annualised return <sup>6</sup> :	4.3%
Annualised volatility (daily returns) <sup>6</sup> :	1.0%

5. Weighted average yield to expected call of investments, excluding fund fees and expenses.

6. Representative of M EUR Class share price since inception. Net of fees.

## Geographic breakdown

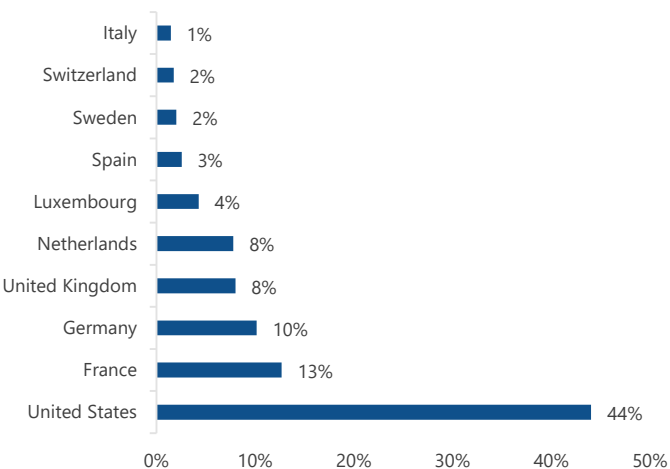


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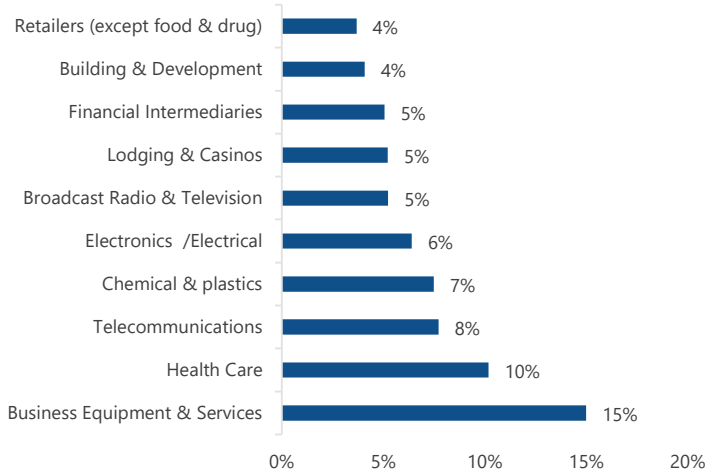




### Look-through geographic breakdown (top 10)<sup>1</sup>



### Look-through industry diversification (top 10)<sup>1</sup>



### Share class performance<sup>2</sup>

	NAV (30-APR-18)	TOTAL RETURN MONTHLY	TOTAL RETURN 2018 YTD	TOTAL RETURN ITD (SINCE CLASS LAUNCH)	ISIN	BLOOMBERG TICKER	SEDOL
Class M GBP	1076.44	-0.16%	0.84%	7.64%	LU1344623613	FODCFMG	BD4GCV2
Class M EUR	1067.38	-0.24%	0.55%	6.74%	LU1344623373	FODCFME	BD4GCX1
Class E EUR	1061.49	-0.26%	0.45%	6.15%	LU1344621674	FODCFEE	BD4GCL9
Class E GBP	1071.54	-0.19%	0.74%	7.15%	LU1344621831	FODCFEG	BD4GCN1
Class E2 GBP	1014.88	-0.18%	0.74%	3.40%	LU1628743905	FODCFE2G	-
Class E USD	1092.55	-0.07%	1.22%	9.25%	LU1344621757	FODCFEU	BD4GCM0
Class E CHF	1050.07	-0.31%	0.24%	5.01%	LU1344621914	FODCFEC	BD4GCP3
Class N EUR	1008.08	-0.27%	0.45%	6.00%	LU1539542248	FODCFNE	BD72S50
Class O EUR	1017.84	-0.29%	0.35%	4.16%	LU1570265261	FODCFOE	-
Class P GBP	999.10	-0.20%	0.69%	3.69%	LU1590456338	FODCFPG	BDRXFB8
Class D ILS	5121.46	-0.31%	0.36%	2.43%	LU1577731786	FODCFDS	-
Class A EUR	1019.43	-0.29%	0.30%	1.94%	LU1344614893	FODCFAE	-
Class A GBP	1005.32	-0.21%	0.59%	0.53%	LU1344615270	FODCFAG	-
Class L2 GBP	1006.22	-0.20%	0.66%	2.12%	LU1683328667	FODCFL2G	-

### Monthly performance (M EUR Class)<sup>2</sup>

									OCT-16	NOV-16	DEC-16	2016	ITD	
									-0.45%	-0.03%	0.73%	0.25%	0.25%	
JAN-17	FEB-17	MAR-17	APR-17	MAY-17	JUN-17	JUL-17	AUG-17	SEP-17	OCT-17	NOV-17	DEC-17	2017	ITD	
1.06%	0.31%	1.28%	0.03%	0.34%	0.26%	0.36%	0.54%	0.35%	0.55%	0.52%	0.15%	5.89%	6.15%	
JAN-18	FEB-18	MAR-18	APR-18										2018	ITD
0.38%	0.25%	0.16%	-0.24%										0.55%	6.74%
Maximum weekly return:				+1.00%				% Positive or unchanged weeks:				79.01%		
Largest weekly drawdown:				-0.20%				Average weekly return (positive or unchanged weeks):				+0.12%		
								Average weekly return (negative weeks):				-0.06%		

1. Based on total gross assets in underlying bank loan portfolios. Source: Intex.  
2. Fair Oaks Capital; NAVs calculated net of fees.





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This report has been communicated by Fair Oaks Capital Limited, 1 Albemarle Street, London W1S 4HA, authorised and regulated in the UK by the Financial Conduct Authority, FRN No. 604090.



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