



**FAIR OAKS**  
DYNAMIC CREDIT

## 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.

## COMMENTARY

The Fund's total return was -1.15% in February (see performance table)<sup>1</sup> driven by negative performance in the last two days of the month. The European BBB Corporate Bond index was down -0.62% while the European High Yield index was down -2.14% in the month<sup>2</sup>.

Despite the extreme volatility in the stock market, and lower CLO valuations, there were no signs of technical stress in the CLO market, with light volumes and orderly trading during the last trading days of February. We believe that CLO investors were not impacted by short-term trading flows but are, nevertheless, assessing the fundamental impact of Covid-19 on their portfolios. We continue to believe that the diversity of CLO portfolios and [CLOs' structural credit enhancement](#) will support the performance of CLO mezzanine compared to other credit assets.

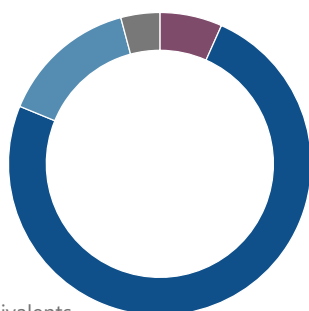
For a more detailed comment on the impact of Covid-19 in the CLO market, please see our latest [Reflections](#). The reduction in risk in Fair Oaks Dynamic Credit since late 2019 means we entered February with the most conservative positioning in terms of rating exposure since the Fund's inception in 2016. The Fund had 15% exposure to BB rated notes (13%-27% range since launch), and 6% to A rated notes (0-4% range). Exposure to the more volatile USD CLO market was also at an historical low (15% compared to a 17%-36% range since launch). We believe that this portfolio allocation continues to be appropriate in the current market environment.

## TOP 5 POSITIONS<sup>4</sup>

Deal Name	Rating (M/S/F)	CLO Manager	% of NAV
VOYE 1X D	Baa2/NR/BBB	Voya Alternative AM	2.4%
ARESE 9X D	Baa2/BBB/NR	Ares Management	2.4%
OZLME 4X D	Baa2/NR/BBB-	Och Ziff	2.2%
EGLXY 2018-6X D	Baa2/BBB/NR	PineBridge Investments	2.2%
ALME 4X DR	Baa2/NR/BBB	Apollo Global Management	2.0%

## RATING BREAKDOWN<sup>4,6</sup>

- A (7%)
- BBB (75%)
- BB (15%)
- Cash\* (4%)



\*Cash and cash equivalents

## FUND FACTS

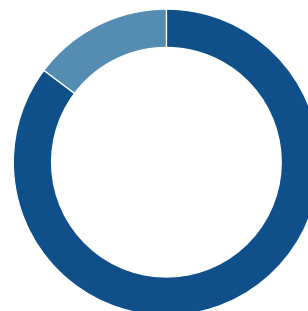
Legal structure	Luxembourg SICAV-Alpha UCITS SICAV
Domicile	Luxembourg
Launch date	13/09/2016
Fund size	€548.0m
Dealing	Weekly (Wednesdays)
Valuations	Daily non-dealing and weekly dealing NAVs
Target gross return <sup>3</sup>	Euribor +5% p.a. (see share class KIIDs for TER details <sup>3</sup> )
Base currency	EUR
Investment manager	Fair Oaks Capital Limited ("Fair Oaks")
Management company	MDO Management Company S.A.
Administrator / custodian	RBC Investor Services Bank S.A.
Auditor	Ernst & Young S.A.

## PORTFOLIO METRICS

Number of positions:	91
Expected average life:	3.6 year
Yield to expected call <sup>5</sup> :	Euribor+4.36%
Floating rate (%):	100%
Fixed rate (%):	0%

## GEOGRAPHIC BREAKDOWN<sup>4,6</sup>

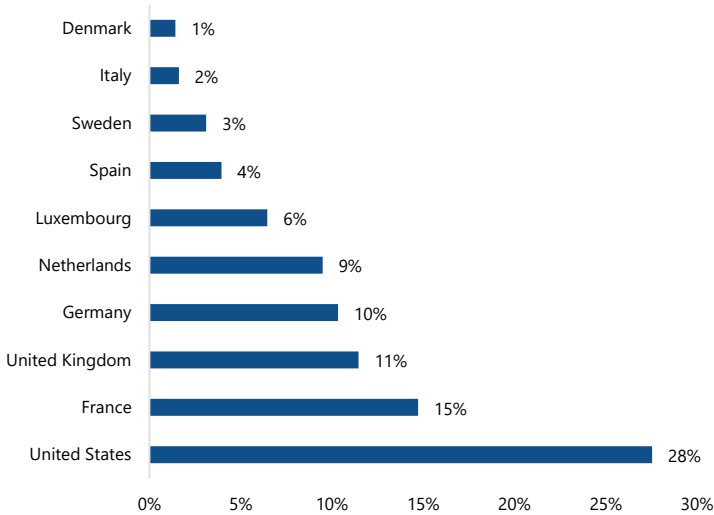
- EUR (85%)
- USD (15%)



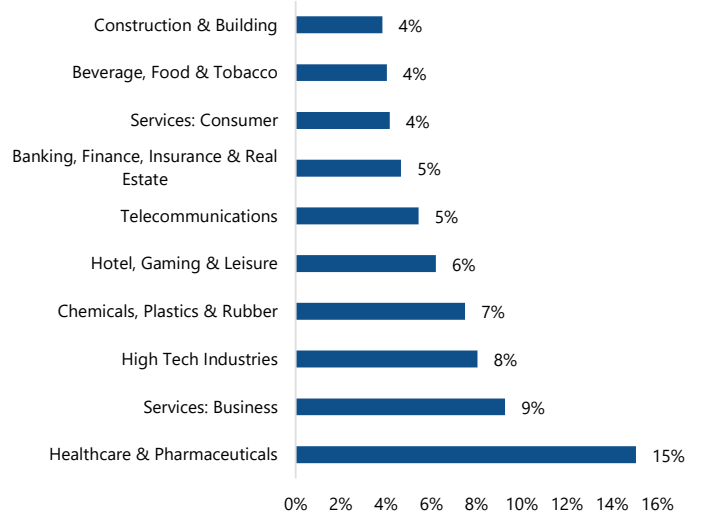


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LOOK-THROUGH GEOGRAPHIC BREAKDOWN (TOP 10)<sup>7</sup>



LOOK-THROUGH INDUSTRY DIVERSIFICATION (TOP 10)<sup>7,8</sup>



MONTHLY PERFORMANCE (M EUR CLASS)<sup>9</sup>

NB. Class M shares are currently closed for investment, see footnote for details

												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	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	2018	ITD			
+0.38%	+0.25%	+0.16%	-0.24%	+0.24%	-0.13%	+0.06%	+0.31%	0.00%	+0.12%	-0.51%	-3.07%	-2.46%	+3.54%			
Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	2019	ITD			
+1.55%	-0.07%	+1.29%	+0.93%	+0.74%	-0.32%	0.45%	-0.06%	+0.17%	-0.80%	+0.47%	+0.72%	+5.17%	+8.89%			
Jan-20	Feb-20											2020	ITD			
+1.92%	-1.13%											+0.77%	+9.73%			

Maximum weekly return: +1.26%  
Largest weekly drawdown: -2.17%

% Positive or unchanged weeks: +72.09%  
Average weekly return (positive or unchanged weeks): +0.15%  
Average weekly return (negative weeks): -0.17%



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## SHARE CLASS PERFORMANCE<sup>10</sup>

	LAUNCH DATE	ISIN	BLOOMBERG TICKER	NAV (28-Feb-20)	TOTAL RETURN MONTHLY	TOTAL RETURN 2020 YTD	ANNUALISED RETURN (SINCE CLASS LAUNCH)	ANNUALISED DAILY VOLATILITY (SINCE CLASS LAUNCH)
Class M EUR	Oct-16	LU1344623373	FODCFME	1,097.25	-1.13%	0.77%	<b>2.77%</b>	<b>1.64%</b>
Class E EUR	Sep-16	LU1344621674	FODCFEE	1,085.26	-1.15%	0.73%	<b>2.41%</b>	<b>1.63%</b>
Class L EUR	Nov-18	LU1344622219	FODCFLE	1,019.45	-1.17%	0.69%	<b>1.55%</b>	<b>2.39%</b>
Class A EUR	Aug-17	LU1344614893	FODCFAE	1,036.03	-1.05%	0.62%	<b>1.40%</b>	<b>1.65%</b>
Class N EUR	Dec-16	LU1539542248	FODCFNE	974.72	-1.15%	0.73%	<b>2.59%</b>	<b>1.65%</b>
Class O EUR	Mar-17	LU1570265261	FODCFOE	1,003.94	-1.17%	0.68%	<b>1.96%</b>	<b>1.65%</b>
Class R EUR	Dec-19	LU1892529196	FODCFRE	1,011.10	-	-	-	-
Class R2 EUR	-	LU1892529519	-	-	-	-	-	-
Class S EUR	Sep-19	LU1892528388	FODCFSE	1,009.42	-	-	-	-
Class S2 EUR	-	LU1892528628	-	-	-	-	-	-
Class E GBP	Sep-16	LU1344621831	FODCFEG	1,115.46	-1.09%	0.87%	<b>3.23%</b>	<b>1.64%</b>
Class E2 GBP	Jun-17	LU1628743905	FODCE2G	993.35	-1.09%	0.88%	<b>2.78%</b>	<b>1.70%</b>
Class L GBP	Nov-19	LU1344622482	FODCLFG	1,019.72	-	-	-	-
Class L2 GBP	Sep-17	LU1683328667	FODCL2G	991.26	-1.11%	0.83%	<b>2.35%</b>	<b>1.90%</b>
Class A GBP	Dec-17	LU1344615270	FODCFAG	1,035.01	-0.99%	0.79%	<b>1.57%</b>	<b>1.79%</b>
Class P GBP	Apr-17	LU1590456338	FODCFPG	985.22	-1.10%	0.87%	<b>2.74%</b>	<b>1.66%</b>
Class E USD	Sep-16	LU1344621757	FODCFEU	1,174.22	-1.01%	1.05%	<b>4.79%</b>	<b>1.64%</b>
Class L USD	Feb-20	LU1344622300	FODCFLU	988.07	-	-	-	-
Class A USD	Aug-19	LU1344622219	FODCFAU	1,023.61	-	-	-	-
Class R USD	Dec-19	LU1892529279	FODCFRU	1,015.55	-	-	-	-
Class R2 USD	-	LU1892529600	-	-	-	-	-	-
Class S USD	Dec-19	LU1892528461	FODCFSU	1,018.33	-	-	-	-
Class S2 USD	-	LU1892528891	-	-	-	-	-	-
Class E CHF	Sep-16	LU1344621914	FODCFEC	1,062.80	-1.18%	0.65%	<b>1.79%</b>	<b>1.63%</b>
Class A CHF	Feb-20	LU1344615353	-	985.81	-	-	-	-
Class R CHF	Dec-19	LU1892529436	FODCFRC	1,009.96	-	-	-	-
Class R2 CHF	-	LU1892529782	-	-	-	-	-	-
Class S CHF	Dec-19	LU1892528545	FODCFSC	1,011.97	-	-	-	-
Class S2 CHF	-	LU1892528974	-	-	-	-	-	-
Class D ILS	May-17	LU1577731786	FODCFDS	5,213.63	-1.05%	0.62%	<b>1.53%</b>	<b>1.62%</b>
Class Q SEK	Oct-18	LU1886619987	FODCFQS	10,140.69	-1.14%	0.75%	<b>1.06%</b>	<b>2.53%</b>

### FOOTNOTES:

- (1) Average performance of the EUR share classes, weighted by closing number of shares as of 28-Feb-20. This excludes share classes with less than one year performance.
- (2) Source: JP Morgan: European BBB 5-7 year corporate bond index and European High Yield index as of 28-Feb-20.
- (3) Target gross return is before Fund expenses and management fees. Share class KIIDs including TERs are available on Management Company's MDO website (<http://www.mdo-manco.com/en/fund-documents>).
- (4) Based on the current valuation of the assets in the Fund's base currency at month-end.
- (5) Weighted average yield to expected call of investments, before Fund fees and expenses.
- (6) Due to rounding errors, the percentages may not sum to 100%. NB. Geographic breakdown of CLO investments excludes cash balance.
- (7) Based on total gross assets in underlying bank loan portfolios. This analysis excludes recent purchases that have not settled in the reporting month. Source: Intex. Data as of 28-Feb-20.
- (8) Based on Moody's classification of the loan issuers. This analysis excludes recent purchases that have not settled in the reporting month. Data as of 28-Feb-20.
- (9) Fair Oaks' data. Performance is from the launch of M EUR and is net of fees. The M Share Class is the earliest share class with the longest track record (M GBP shares launched Sep-16 and M EUR shares launched in Oct-16) and is no longer available for new investment.
- (10) NAVs calculated net of fees. Performance information is not yet available for some of the share classes (Class A USD, R EUR, R USD, R CHF, S EUR, S USD and S CHF) as they do not have a full 12-month track record. Share classes R2 and S2 have not launched as of the reporting month.



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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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