



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.

Fund commentary

The Fund generated a performance of +0.06% in July while the European High Yield index and the European Loan index were up +0.46% and +1.56% respectively^{1,2}. Year-to-date, the Fund has outperformed the European High Yield index (+0.72% return vs -0.08% for the index)². In addition, the Fund's year-to-date daily volatility was 0.56% versus 2.26% volatility of the JP Morgan European High Yield index^{1,2}.

Bank loan fundamentals were supportive with the US loan default rate stable at 1.99% (vs 1.95% in June)³. The European default rate was unchanged from June and stands at 0.12%³. European bank loans spreads tightened slightly from Euribor+4.53% in June to Euribor+4.52% while European high yield bond spread-to-worst tightened from +4.54% to +4.12%⁴.

European new issue BBB CLO spreads widened from Euribor+2.90% in June to Euribor+3.15% in July as monthly new issue CLO supply increased from €2.9 billion (7 transactions) to €4.2 billion (10 transactions)⁵. To put this month's new issue volume in context, European new issue volume in July 2017 was €1.6 billion (4 transactions)⁵. In the US, new issue volumes were down (\$10.2 billion in July compared to \$15.7 billion in June) but still above July 2017's (\$8.4 billion)⁵. The differential impact of CLO supply is highlighted by the relative performance of European and US primary BBB CLOs. As at 29 June, US BBB CLO spreads were 12.5 bps wider than European BBB CLOs whereas as at the end of July, they were 2.5 bps tighter than European BBB CLOs⁵. This is the first time since January 2014 that European BBB CLO spreads have been wider than US BBB CLOs⁵.

Due to the relative value of European primary BBBs, eight of the Fund's nine purchases in July were European BBB notes. The total number of positions in the portfolio increased to 101, offering exposure to 1,470 underlying senior secured bank loan issuers⁶.

The Fund has also published its H1 2018 review and H2 outlook and we will welcome your feedback about the contents and topics covered.

1. Performance and volatility of daily returns (M EUR Class).

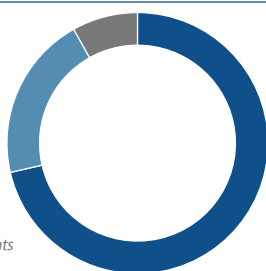
2. JPMorgan European High Yield index and Credit Suisse Western European loan index, as of 31-Jul-18.

Top 5 positions

Deal Name	Rating (M/S/F)	Par Amount
OZLME 4X D	Baa2/NR/BBB-	€ 12,000,000
ALME 4X DR	Baa2/NR/BBB	€ 11,500,000
OCPE 2017-1X D	Baa2/BBB/NR	€ 10,000,000
OCPE 2017-2X D	Baa2/BBB/NR	€ 10,000,000
BECLO 6X D	Baa2/NR/BBB-	€ 10,000,000

Rating breakdown

- BBB (71%)
- BB (20%)
- Cash* (8%)



*Cash and cash equivalents



FAIR OAKS
CAPITAL

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Technical detail

Legal Structure	Luxembourg SICAV-Alpha UCITS SICAV
Domicile	Luxembourg
Launch Date	13/09/2016
Fund Size	€577.1m
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.

3. S&P/LSTA Leveraged Loan Index and S&P European Leveraged Loan Index default rates by principal amount, as of 31-Jul-18 and 31-Jul-18.

4. S&P ELLI Index, discounted spread (3 year) and JP Morgan Euro HY Index, spread-to-worst. Data as of 31-Jul-18.

5. JPMorgan.

6. Intex.

Portfolio metrics

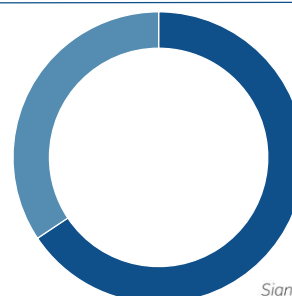
No. of positions:	101
Expected average life:	4.6 yr
Yield to expected call ⁵ :	Libor+3.71%
Floating rate (%):	100%
Fixed rate (%):	0%
Annualised return ⁶ :	3.7%
Annualised volatility (daily returns) ⁶ :	1.0%

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

- EUR (66%)
- USD (34%)

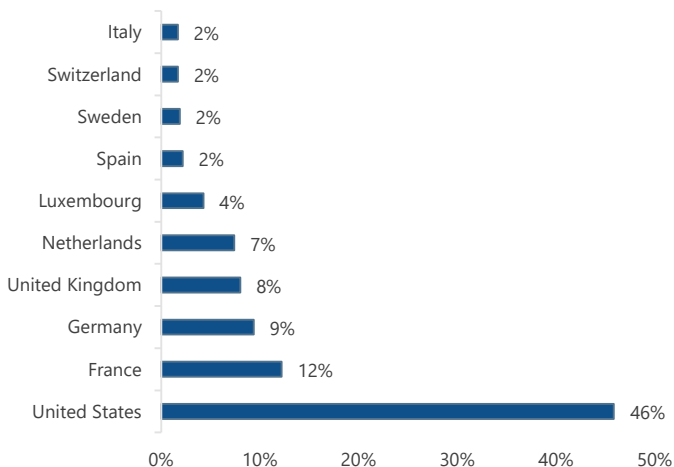


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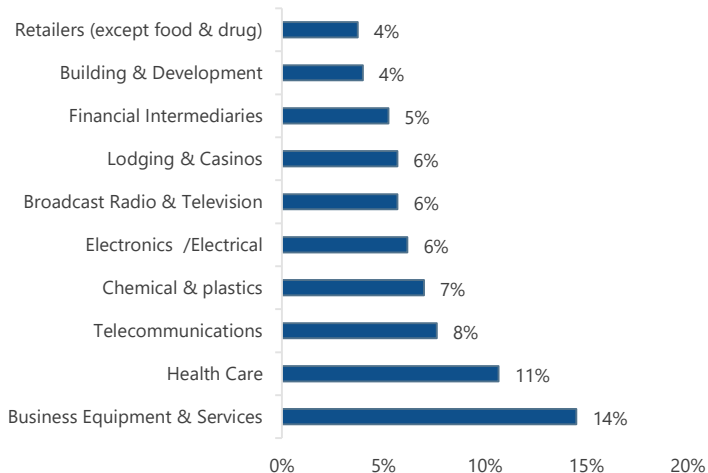




Look-through geographic breakdown (top 10)¹



Look-through industry diversification (top 10)¹



Share class performance²

	NAV (31-Jul-18)	Total Return Monthly	Total Return 2018 YTD	Total Return ITD (Since Class Launch)	ISIN	Bloomberg Ticker	SEDOL
Class M GBP	1080.45	0.14%	1.22%	8.05%	LU1344623613	FODCFMG	BD4GKY2
Class M EUR	1069.10	0.06%	0.72%	6.91%	LU1344623373	FODCFME	BD4GCX1
Class E EUR	1062.34	0.02%	0.53%	6.23%	LU1344621674	FODCFEE	BD4GCL9
Class E GBP	1074.11	0.05%	0.98%	7.41%	LU1344621831	FODCFEG	BD4GCN1
Class E2 GBP	1009.63	0.10%	1.01%	3.67%	LU1628743905	FODCFE2G	-
Class E USD	1100.58	0.24%	1.97%	10.06%	LU1344621757	FODCFEU	BD4GCM0
Class E CHF	1049.36	-0.04%	0.17%	4.94%	LU1344621914	FODCFEC	BD4GCP3
Class N EUR	1000.62	0.02%	0.53%	6.08%	LU1539542248	FODCFNE	BD72S50
Class O EUR	1018.01	0.01%	0.37%	4.18%	LU1570265261	FODCFOE	-
Class P GBP	993.71	0.10%	0.95%	3.95%	LU1590456338	FODCFPG	BDRXFB8
Class D ILS	5117.29	-0.04%	0.28%	2.35%	LU1577731786	FODCFDS	-
Class A EUR	1019.60	0.00%	0.32%	1.96%	LU1344614893	FODCFAE	-
Class A GBP	1007.47	0.08%	0.81%	0.75%	LU1344615270	FODCFAG	-
Class L2 GBP	1000.68	0.07%	0.87%	2.34%	LU1683328667	FODCFL2G	-

Monthly performance (M EUR Class)²

									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						2018	ITD
0.38%	0.25%	0.16%	-0.24%	+0.24%	-0.13%	+0.06%						0.72%	6.91%
Maximum weekly return:			+1.00%			% Positive or unchanged weeks:						77.66%	
Largest weekly drawdown:			-0.20%			Average weekly return (positive or unchanged weeks):						+0.11%	
						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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