



## 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 returned -1.3% in July<sup>1</sup> compared with +0.3% for the JP Morgan CLOIE BBB Index. The volume of "bids wanted in competition" in July fell to \$4 billion (still above the \$3 billion historical monthly average for the period Jun-14 to Feb-20).

European loan defaults decreased marginally from 2.1% in June to 2.0% in July (compared to an increase from 3.2% to 3.9% in the US)<sup>2</sup>. The European distressed ratio increased from 7.6% to 8.5% in the same period while the number of facilities rated CCC+ or lower increased slightly to 6.8% (from 6.5% in June)<sup>3</sup>.

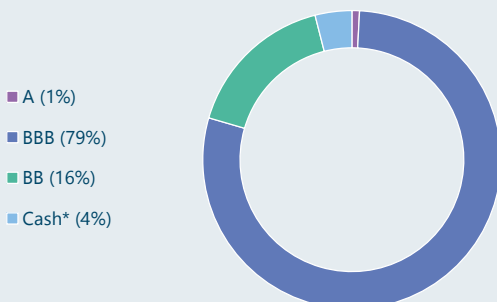
In July, 2% of EUR CLOs were failing their respective OC tests, down from 3% in June (compared to 17% of US CLOs, down from 21% in June)<sup>4</sup>. As at the end of July, only one investment in the portfolio (US BB note), representing 0.5% of the Fund's NAV, had failed an OC test (the Fund's investment continues to pay interest).

The portfolio continues to be positioned defensively, with low exposure to non-investment grade CLOs and primarily invested in European CLOs.

## Top 5 positions<sup>8</sup>

Deal name	Rating (M/S/F)	CLO manager	% of NAV
ARESE 9X D	Baa2/BBB/NR	Ares Management	2.6%
EGLXY 2018-6X D	Baa2/BBB/NR	PineBridge Investments	2.3%
HOLPK 1X CRR	Baa3/BBB/NR	GSO Capital Partners	2.2%
BABSE 2018-3X D	Baa3/NR/BBB-	Babson Capital Management	2.1%
ARMDA 3X D	Baa3/NR/BBB-	Brigade Capital Management	2.0%

## Rating breakdown<sup>8,9</sup>



\*Cash and cash equivalents

Please refer to the footnotes the important information on page 3. Past performance is no indication of future results. Inherent in any investment is the potential for loss.

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## Fund facts

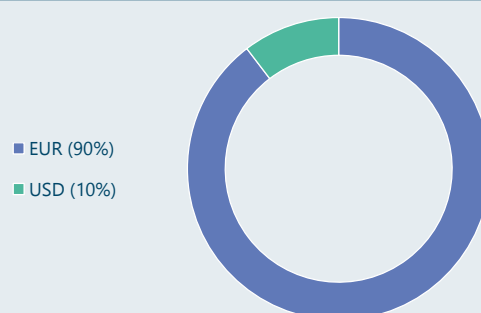
Data as of 31-Jul-20

Legal structure	Luxembourg SICAV-Alpha UCITS SICAV
Domicile	Luxembourg
Launch date	13-Sep-16
Fund size	€464.3 m
Dealing	Daily
Valuations	Daily dealing NAVs
Target gross return <sup>7</sup>	Euribor + 5% p.a. (see share class KIDS for TER details <sup>7</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	Deloitte Audit Sàrl

## Portfolio metrics

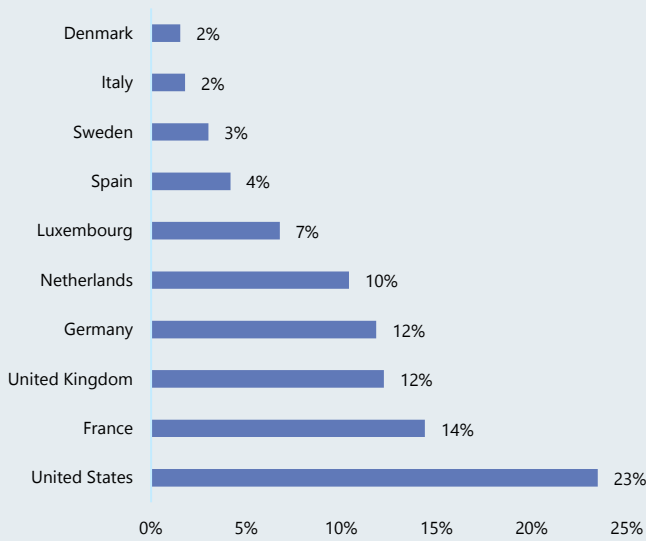
Number of positions:	95
Yield to maturity <sup>5</sup> : (based on expected average life of 6.4 years)	Euribor + 5.25%
Yield to expected call <sup>5</sup> : (based on expected average life of 5.2 years)	Euribor + 6.02%
Floating rate (%):	100%
Fixed rate (%):	0%

## Geographic breakdown<sup>8,9</sup>

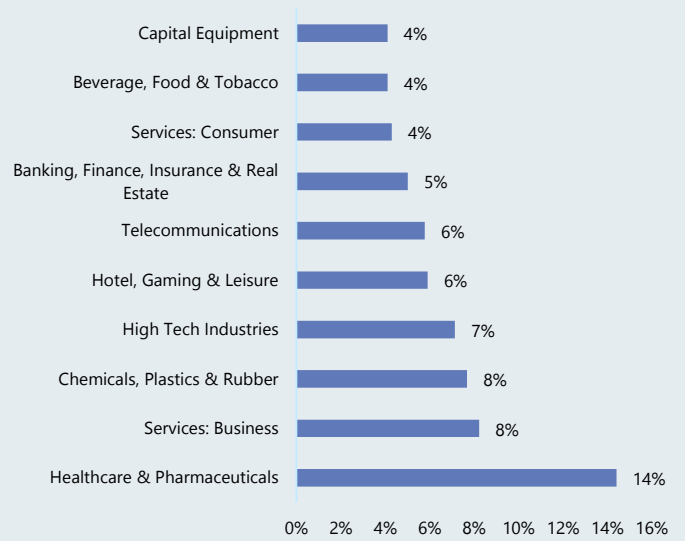




Look-through geographic breakdown (top 10)<sup>6</sup>



Look-through industry diversification (top 10)<sup>6,10</sup>



Rating breakdown<sup>11</sup>

													Oct-16	Nov-16	Dec-16	2016	ITD
													-0.45%	-0.03%	+0.73%	+0.25%	+0.25%
<b>Jan-17</b>	<b>Feb-17</b>	<b>Mar-17</b>	<b>Apr-17</b>	<b>May-17</b>	<b>Jun-17</b>	<b>Jul-17</b>	<b>Aug-17</b>	<b>Sep-17</b>	<b>Oct-17</b>	<b>Nov-17</b>	<b>Dec-17</b>	<b>2017</b>	<b>ITD</b>				
+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%				
<b>Jan-18</b>	<b>Feb-18</b>	<b>Mar-18</b>	<b>Apr-18</b>	<b>May-18</b>	<b>Jun-18</b>	<b>Jul-18</b>	<b>Aug-18</b>	<b>Sep-18</b>	<b>Oct-18</b>	<b>Nov-18</b>	<b>Dec-18</b>	<b>2018</b>	<b>ITD</b>				
+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%				
<b>Jan-19</b>	<b>Feb-19</b>	<b>Mar-19</b>	<b>Apr-19</b>	<b>May-19</b>	<b>Jun-19</b>	<b>Jul-19</b>	<b>Aug-19</b>	<b>Sep-19</b>	<b>Oct-19</b>	<b>Nov-19</b>	<b>Dec-19</b>	<b>2019</b>	<b>ITD</b>				
+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%				
<b>Jan-20</b>	<b>Feb-20</b>	<b>Mar-20</b>	<b>Apr-20</b>	<b>May-20</b>	<b>Jun-20</b>	<b>Jul-20</b>						<b>2020</b>	<b>ITD</b>				
+1.92%	-1.13%	-27.19%	+6.44%	+16.06%	+4.29%	-1.27%						-6.68%	+1.61%				

Maximum weekly return: +9.51%  
Largest weekly drawdown: -15.16%

% Positive or unchanged weeks: +69.95%  
Average weekly return (positive or unchanged weeks): +0.41%  
Average weekly return (negative weeks): -0.85%

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## Share class performance<sup>1,2</sup>

	LAUNCH DATE	ISIN	BLOOMBERG TICKER	NAV (31-Jul-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	1,016.14	-1.27%	-6.68%	<b>+0.42%</b>	<b>10.78%</b>
Class E EUR	Sep-16	LU1344621674	FODCFEE	1,003.57	-1.30%	-6.85%	<b>+0.09%</b>	<b>10.72%</b>
Class L EUR	Nov-18	LU1344622219	FODCFLE	941.73	-1.32%	-6.99%	<b>-3.53%</b>	<b>16.32%</b>
Class A EUR	Aug-17	LU1344614893	FODCFAE	957.65	-1.32%	-6.99%	<b>-1.44%</b>	<b>12.19%</b>
Class N EUR	Dec-16	LU1539542248	FODCFNE	888.76	-1.30%	-6.84%	<b>+0.09%</b>	<b>11.10%</b>
Class O EUR	Mar-17	LU1570265261	FODCFOE	890.82	-1.27%	-6.95%	<b>-2.19%</b>	<b>11.62%</b>
Class R EUR	Dec-19	LU1892529196	FODCFRE	930.28	-	-	-	-
Class R2 EUR	-	LU1892529519	-	-	-	-	-	-
Class S EUR	Sep-19	LU1892528388	FODCFSE	932.38	-	-	-	-
Class S2 EUR	-	LU1892528628	-	-	-	-	-	-
Class E GBP	Sep-16	LU1344621831	FODCFEG	1,026.97	-1.25%	-7.13%	<b>+0.69%</b>	<b>10.82%</b>
Class E2 GBP	Jun-17	LU1628743905	FODCE2G	905.98	-1.32%	-7.24%	<b>-0.29%</b>	<b>12.04%</b>
Class L GBP	Nov-19	LU1344622482	FODCFLG	937.93	-	-	-	-
Class L2 GBP	Sep-17	LU1683328667	FODCL2G	897.88	-1.26%	-7.37%	<b>-0.91%</b>	<b>12.55%</b>
Class A GBP	Dec-17	LU1344615270	FODCFAG	953.16	-1.26%	-7.18%	<b>-1.81%</b>	<b>13.15%</b>
Class P GBP	Apr-17	LU1590456338	FODCFPG	892.66	-1.25%	-7.25%	<b>-0.20%</b>	<b>11.76%</b>
Class E USD	Sep-16	LU1344621757	FODCFEU	1,097.92	-1.22%	-5.52%	<b>+2.45%</b>	<b>10.75%</b>
Class L USD	Feb-20	LU1344622300	FODCFLU	922.23	-	-	-	-
Class A USD	Aug-19	LU1344615197	FODCFAU	956.20	-	-	-	-
Class R USD	Dec-19	LU1892529279	FODCFRU	944.47	-	-	-	-
Class R2 USD	-	LU1892529600	-	-	-	-	-	-
Class S USD	Dec-19	LU1892528461	FODCFSU	950.66	-	-	-	-
Class S2 USD	-	LU1892528891	-	-	-	-	-	-
Class E CHF	Sep-16	LU1344621914	FODCFEC	979.69	-1.33%	-7.22%	<b>-0.53%</b>	<b>10.74%</b>
Class A CHF	Feb-20	LU1344615353	-	908.33	-	-	-	-
Class R CHF	Dec-19	LU1892529436	FODCFRC	926.87	-	-	-	-
Class R2 CHF	-	LU1892529782	-	-	-	-	-	-
Class S CHF	Dec-19	LU1892528545	FODCFSC	932.52	-	-	-	-
Class S2 CHF	-	LU1892528974	-	-	-	-	-	-
Class D ILS	May-17	LU1577731786	FODCFDS	4,843.84	-1.36%	-6.52%	<b>-0.99%</b>	<b>11.96%</b>
Class Q SEK	Oct-18	LU1886619987	FODCFQS	9,346.26	-1.30%	-7.14%	<b>-3.79%</b>	<b>16.08%</b>

## Footnotes

- (1) Average performance of the EUR share classes, weighted by closing number of shares as of 31-Jul-20. This excludes share classes with less than one year performance.
- (2) Euro vs. US loan index lagging 12-month loan default rate based on Principal Amount. Source: S&P Global Market Intelligence
- (3) Source: S&P Global Market Intelligence based on number of ELLI issuers.
- (4) Source: Creditflux and Bloomberg.
- (5) Weighted average yield of portfolio, before Fund fees and expenses. Call is assumed one year after the end of each CLO's reinvestment period. Note the expected call timing might be unrealistic for some shorter-dated notes in the current market environment.
- (6) Based on the number of issuers in the underlying bank loan portfolios. This analysis excludes recent purchases that have not settled in the reporting month. Source: Intex. Data as of 31-Jul-20.
- (7) 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>).
- (8) Based on the current valuation of the assets in the Fund's base currency at month-end.
- (9) Due to rounding errors, the percentages may not sum to 100%. NB. Geographic breakdown of CLO investments excludes cash balance.
- (10) 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 31-Jul-20.
- (11) 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.
- (12) 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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## Disclaimer:

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CLASS S AND CLASS R SHARES ARE AVAILABLE TO RETAIL INVESTORS. ALL OTHER SHARE CLASSES AVAILABLE TO INSTITUTIONAL AND WELL-INFORMED INVESTORS. NO OTHER PERSONS SHOULD RELY ON THE INFORMATION CONTAINED WITHIN THIS REPORT.

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