



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 -0.34% in June (see performance table) taking the year to date performance to 4.00%¹. The Credit Suisse European Leveraged Loan index was down in June (-0.45%) while the High Yield index was up 1.75%².

Global CLO new issuance was \$12.4 billion in June compared to \$12.8 billion last month and \$17.7 billion in June 2018³. Despite relatively wide CLO liability spreads and reports of challenging equity arbitrage, first half global CLO issuance volume of \$80.8 billion was only slightly behind the record high volume (\$85.2 billion) of the first half of 2018³.

Development of primary CLO spreads in June was mixed with USD AAA notes tightening by 2.5 bps in the month while EUR AAA bonds were 3.5 bps wider⁴. CLO BBB primary spreads were flat in the US and 10 bps wider in Europe⁴. The spread widening in European CLOs was partly due to a high level of supply in the primary market as managers rushed to price new CLOs ahead of a potential market slowdown over summer.

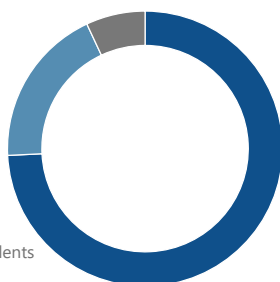
The attractive relative value of European CLOs improved further in June as expectations of lower interest rates made CLOs' Euribor floors more valuable. In terms of background, since 2015, most European CLOs have included a Euribor floor set at zero. They have thus effectively paid fixed rates of interest since 2015 when 3m Euribor dropped into negative territory. Some other structured product investments, such as European ABS and RMBS, have floors but these are on the coupon rather than Euribor and therefore do not provide the same protection. Please see our latest [Reflections](#) for a more detailed comment on the value of interest rate floors in European CLOs.

TOP 5 POSITIONS⁵

Deal Name	Rating (M/S/F)	Par Amount
VOYE 1X D	Baa2/NR/BBB	€ 13,425,000
ARESE 9X D	Baa2/BBB/NR	€ 13,400,000
OZLME 4X D	Baa2/NR/BBB-	€ 12,000,000
EGLXY 2018-6X D	Baa2/BBB/NR	€ 12,000,000
ALME 4X DR	Baa2/NR/BBB	€ 11,500,000

RATING BREAKDOWN

- BBB (74%)
- BB (19%)
- Cash* (7%)



*Cash and cash equivalents

FUND FACTS

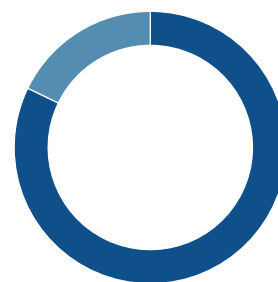
Legal Structure	Luxembourg SICAV-Alpha UCITS SICAV
Domicile	Luxembourg
Launch Date	13/09/2016
Fund Size	€539.4m
Dealing	Weekly (Wednesdays)
Valuations	Daily Non-Dealing and Weekly Dealing NAVs
Return Profile	Libor+4% p.a. (net target returns)
Base Currency	€ denominated
Investment Manager	Fair Oaks Capital Limited
Management Company	MDO Management Company S.A.
Administrator / Custodian	RBC Investor Services Bank S.A.
Auditor	Ernst & Young S.A.

PORTFOLIO METRICS

No. of positions:	85
Expected average life:	4.0 yr
Yield to expected call ⁶ :	Libor+4.49%
Floating rate (%):	100%
Fixed rate (%):	0%

GEOGRAPHIC BREAKDOWN

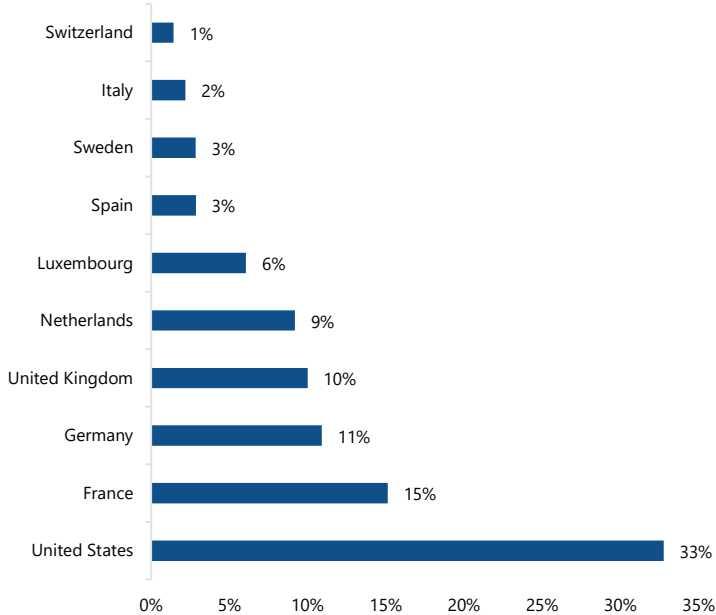
- EUR (82%)
- USD (18%)



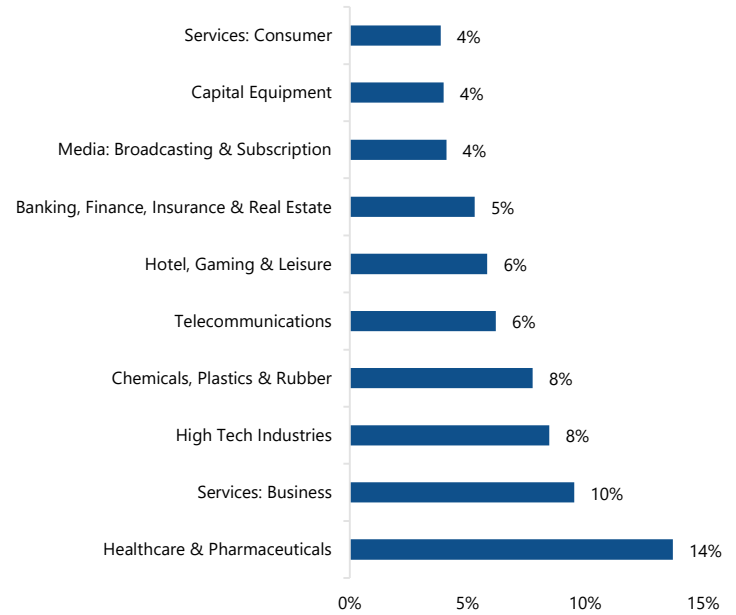


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LOOK-THROUGH GEOGRAPHIC BREAKDOWN (TOP 10)⁷



LOOK-THROUGH INDUSTRY DIVERSIFICATION (TOP 10)^{7,8}



SHARE CLASS PERFORMANCE⁹

	ISIN	BLOOMBERG TICKER	NAV (28-Jun-19)	TOTAL RETURN MONTHLY	TOTAL RETURN 2019 YTD	TOTAL RETURN ITD (SINCE CLASS LAUNCH)	ANNUALISED RETURN (SINCE CLASS LAUNCH)	ANNUALISED DAILY VOLATILITY (SINCE CLASS LAUNCH)
Class M GBP	LU1344623613	FODCFMG	1100.77	-0.24%	4.73%	10.08%	3.51%	1.45%
Class M EUR	LU1344623373	FODCFME	1078.68	-0.32%	4.18%	7.87%	2.82%	1.44%
Class E EUR	LU1344621674	FODCFEE	1069.00	-0.34%	4.03%	6.90%	2.43%	1.44%
Class E GBP	LU1344621831	FODCFEG	1091.07	-0.26%	4.55%	9.11%	3.18%	1.44%
Class E2 GBP	LU1628743905	FODCFE2G	992.36	-0.26%	4.55%	5.23%	2.54%	1.47%
Class E USD	LU1344621757	FODCFEU	1137.18	-0.11%	5.56%	13.72%	4.73%	1.44%
Class E CHF	LU1344621914	FODCFEC	1050.79	-0.39%	3.76%	5.08%	1.80%	1.44%
Class N EUR	LU1539542248	FODCFNE	974.26	-0.34%	4.01%	6.68%	2.61%	1.46%
Class O EUR	LU1570265261	FODCFOE	990.71	-0.36%	3.81%	4.48%	1.92%	1.45%
Class P GBP	LU1590456338	FODCFPG	984.90	-0.27%	4.49%	5.51%	2.50%	1.42%
Class D ILS	LU1577731786	FODCFDS	5138.36	-0.32%	4.01%	2.77%	1.31%	1.45%
Class A EUR	LU1344614893	FODCFAE	1023.58	-0.32%	3.89%	2.36%	1.24%	1.50%
Class A GBP	LU1344615270	FODCFAG	1014.22	-0.26%	3.71%	1.42%	0.92%	1.64%
Class L2 GBP	LU1683328667	FODCL2G	991.11	-0.28%	4.39%	3.64%	2.02%	1.75%
Class Q SEK	LU1886619987	FODCFQE	9988.03	-0.35%	3.96%	-0.12%	NM	NM
Class Q EUR	LU1902638607	FODCFQS	1007.69	-0.36%	3.93%	0.77%	NM	NM
Class L EUR	LU1344622219	FODCFLE	1005.87	-0.36%	3.90%	0.59%	NM	NM



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MONTHLY PERFORMANCE (M EUR CLASS)¹⁰

												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							2019	ITD			
+1.55%	-0.07%	+1.29%	+0.93%	+0.74%	-0.32%							+4.18%	+7.87%			

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

% Positive or unchanged weeks: +73.19%
Average weekly return (positive or unchanged weeks): +0.13%
Average weekly return (negative weeks): -0.16%

FOOTNOTES:

- (1) Weighted average performance of the EUR share classes as of 28-Jun-19.
- (2) Credit Suisse Western European Leveraged Loan and High Yield indices as of 28-Jun-19.
- (3) JP Morgan CLO new issuance of European and US CLOs. Data as of 28-Jun-19.
- (4) JP Morgan CLO primary spreads as of 28-Jun-19.
- (5) Based on current valuation of the assets in the Fund's currency. Data as of 28-Jun-19.
- (6) Weighted average yield to expected call of investments, excluding fund fees and expenses.
- (7) Based on total gross assets in underlying bank loan portfolios. Source: Intex. Data as of 28-Jun-19.
- (8) Based on Moody's classification of the loan issuers. Data as of 28-Jun-19.
- (9) NAVs calculated net of fees.
- (10) Fair Oaks data as at 28-Jun-19. Performance is from the launch of M EUR and is net of fees. The M EUR Share Class is the earliest share class with the longest track record which is no longer available for new investment.

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