



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 monthly performance was up +1% in March (see performance table). Credit fundamentals were stable with no defaults in the European loan market (the trailing 12-month default rate remained at 0.00%¹) and one default in the US loan market (CTI Foods, the loan traded at 50.2 US cents post-default²). The trailing 12-month US loan default rate decreased from 1.62% to 0.93% as iHeart Media exited the calculation³.

A steady primary market has supported price discovery. Thirty-one new deals priced in the US and Europe for a total of \$14.9 billion versus thirty-four new CLO deals and \$16.5 billion in February⁴. Primary CLO spreads were stable with European AAA CLO notes marginally up +0.8 bps to 112.3 bps and US AAA notes up +0.5 bps to 141.5 bps in February⁴. European and US primary BBB CLO spreads remained unchanged from February and were both 390 bps⁴.

An interesting dynamic in Q1-19 has been the increasing price differentiation among CLO managers. As an example, Pikes Peak CLO 3 BBB notes, managed by Partners Group, with a 3-year reinvestment period and 14.5% par subordination⁵, priced with a coupon rate of Libor+390 bps⁶ while Madison Park Funding XXXIV CLO, managed by CSAM, with a longer reinvestment period of 5-years and lower par subordination of 13.5%⁵, priced with a coupon rate of Libor+370 bps⁶.

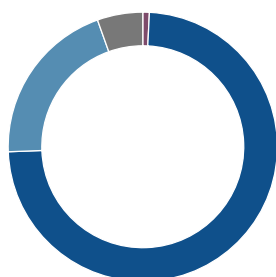
The Fund has taken advantage of secondary and primary market opportunities to exit some lower-yielding A and BBB rated positions, at spreads of 230-260 bps and 330-370 bps respectively, and reinvest opportunistically in the primary market. The total number of positions in the Fund at the end of March was 110.

TOP 5 POSITIONS⁷

Deal Name	Rating (M/S/F)	Par Amount
ARESE 9X D	Baa2/BBB/NR	€ 13,400,000
VOYE 1X D	Baa2/NR/BBB	€ 13,425,000
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

- A (1%)
- BBB (74%)
- BB (20%)
- Cash* (5%)



*Cash and cash equivalents

FUND FACTS

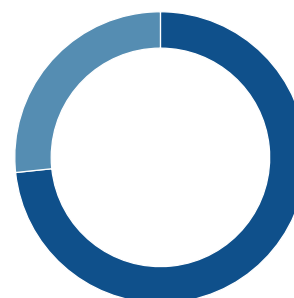
Legal Structure	Luxembourg SICAV-Alpha UCITS SICAV
Domicile	Luxembourg
Launch Date	13/09/2016
Fund Size	€641.3m
Dealing	Weekly (Wednesdays)
Valuations	Daily Non-Dealing and Weekly Dealing NAVs
Return Profile	Libor+4% p.a. (net target returns)
Base Currency	€ denominated
Investment Manager	Fair Oaks Capital 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:	110
Expected average life:	4.1 yr
Yield to expected call ⁸ :	Libor+4.46%
Floating rate (%):	100%
Fixed rate (%):	0%

GEOGRAPHIC BREAKDOWN

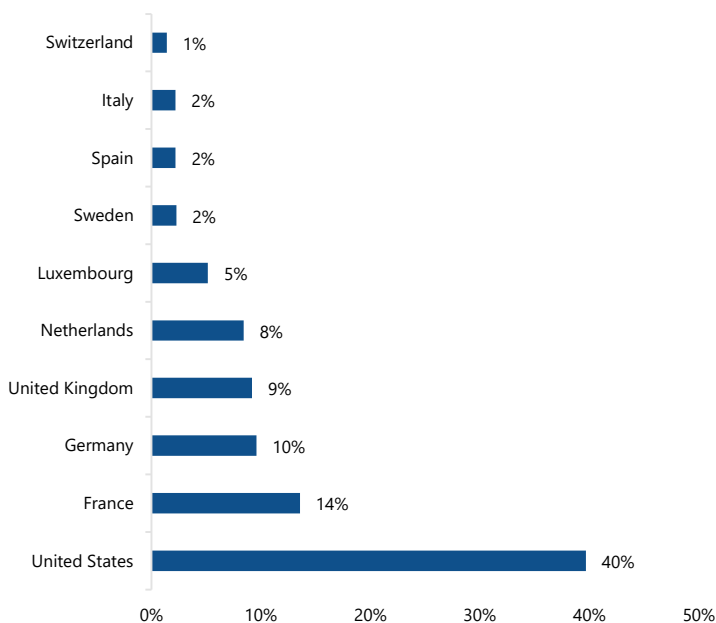
- EUR (73%)
- USD (27%)



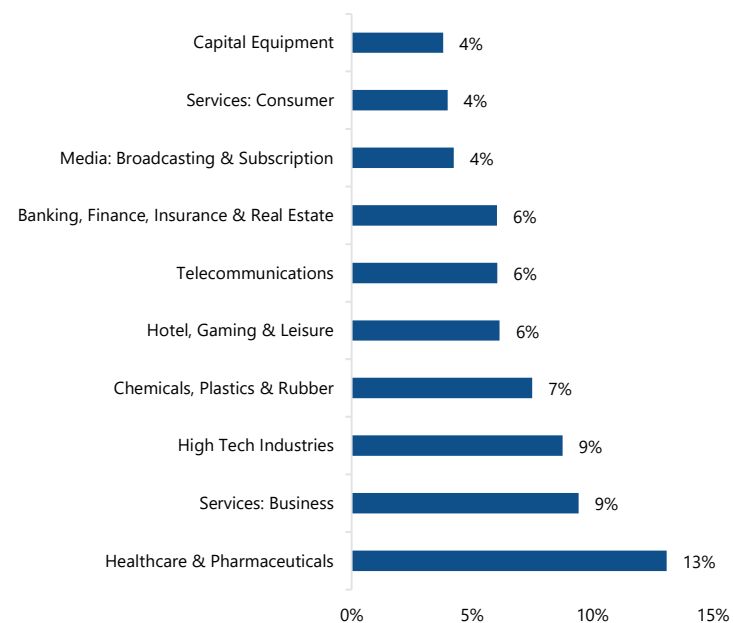


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LOOK-THROUGH GEOGRAPHIC BREAKDOWN (TOP 10)⁹



LOOK-THROUGH INDUSTRY DIVERSIFICATION (TOP 10)^{9,10}



SHARE CLASS PERFORMANCE¹¹

	ISIN	BLOOMBERG TICKER	NAV (29-Mar-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	1083.08	1.39%	3.04%	8.31%	3.20%	1.45%
Class M EUR	LU1344623373	FODCFME	1064.23	1.29%	2.79%	6.42%	2.54%	1.47%
Class E EUR	LU1344621674	FODCFEE	1055.53	1.26%	2.72%	5.55%	2.15%	1.45%
Class E GBP	LU1344621831	FODCFEG	1074.60	1.36%	2.97%	7.46%	2.88%	1.46%
Class E2 GBP	LU1628743905	FODCFE2G	985.15	1.36%	2.97%	3.71%	2.06%	1.47%
Class E USD	LU1344621757	FODCFEU	1114.41	1.51%	3.44%	11.44%	4.37%	1.46%
Class E CHF	LU1344621914	FODCFEC	1038.91	1.22%	2.59%	3.89%	1.52%	1.45%
Class N EUR	LU1539542248	FODCFNE	970.20	1.26%	2.71%	5.44%	2.37%	1.47%
Class O EUR	LU1570265261	FODCFOE	978.89	1.24%	2.61%	3.30%	1.59%	1.46%
Class P GBP	LU1590456338	FODCFPG	977.99	1.34%	2.93%	4.02%	2.07%	1.42%
Class D ILS	LU1577731786	FODCFDS	5073.84	1.30%	2.71%	1.48%	0.80%	1.46%
Class A EUR	LU1344614893	FODCFAE	1011.40	1.25%	2.66%	1.14%	0.70%	1.53%
Class A GBP	LU1344615270	FODCFAG	1006.30	1.32%	2.90%	0.63%	0.49%	1.70%
Class L2 GBP	LU1683328667	FODCL2G	984.35	1.34%	2.89%	2.19%	1.42%	1.80%
Class Q SEK	LU1886619987	FODCFQE	9862.38	1.23%	2.65%	-1.38%	NM	NM
Class Q EUR	LU1902638607	FODCFQS	995.49	1.25%	2.67%	-0.45%	NM	NM
Class L EUR	LU1344622219	FODCFLE	993.81	1.24%	2.66%	-0.62%	NM	NM



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MONTHLY PERFORMANCE (M EUR CLASS)¹

									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										2019	ITD
+1.55%	-0.07%	+1.29%										+2.79%	+6.42%

Maximum weekly return:	+1.26%	% Positive or unchanged weeks:	+72.44%
Largest weekly drawdown:	-2.17%	Average weekly return (positive or unchanged weeks):	+0.12%
		Average weekly return (negative weeks):	-0.16%

FOOTNOTES:

- (1) S&P/ELLI Leveraged loan default rate by principal amount as of 29-Mar-19.
- (2) Market bid price of CTI food's defaulted loan from Markit as of 03-Mar-19.
- (3) S&P/LSTA Leveraged loan default rate by principal amount as of 29-Mar-19. iHeart Media defaulted in Mar-18 with \$6.3 billion of term loans and \$20 billion of outstanding debt. According to S&P Global Market Intelligence, the size of the outstanding debt makes iHeart Media one of the largest default to have occurred.
- (4) JP Morgan CLO data as of 29-Mar-19.
- (5) Deal information supplied from the arranger in Mar-19.
- (6) Coupon rate published on S&P Global Market Intelligence on 28-Mar-19 and 29-Mar-19 respectively.
- (7) Based on current valuation of the assets in the Fund's currency.
- (8) Weighted average yield to expected call of investments, excluding fund fees and expenses.
- (9) Based on total gross assets in underlying bank loan portfolios. Source: Intex.
- (10) Based on Moody's classification of the loan issuers.
- (11) NAVs calculated net of fees.
- (12) Fair Oaks data as at 29-Mar-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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