



**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

March was a very challenging month for all credit assets and CLO mezzanine debt was not immune. There was a sharp increase in the volume of "bids wanted in competition" or daily investor-to-investor auctions, which represent a significant percentage of secondary trading volume. The ability to generate clearing prices at times of market distress enhanced the CLO market transparency and highlighted the real volatility experienced in the market. The mezzanine CLO market and the fund suffered a significant draw-down in March. The fund's total return was -26.7% in March<sup>1</sup> compared to -21.0% of the JP Morgan CLOIE BBB index.

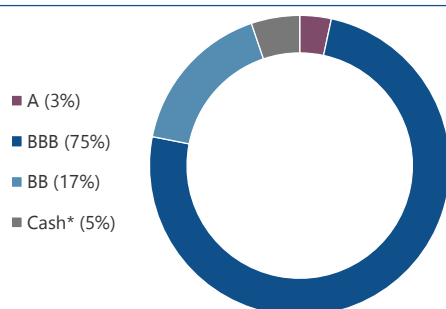
We continue to have full confidence in the ability of mezzanine CLO notes, which benefit from very substantial over-collateralisation, to withstand the potential downgrades and defaults which will result from the current situation. A typical BBB CLO note<sup>2</sup> will require an annual default rate of 14% (assuming 65% recovery rate) not to be able to pay full interest and principal.

FODC's current yield to maturity and to call (3.5 years) of 10% and 15%<sup>3</sup> compares very favourably with the risk-return offered by bank loans (EUR bank loans trading at 82.3%, 8.7% to maturity or 11% to a 3 year par call<sup>4</sup>). Furthermore, we believe that FODC's limited exposure to idiosyncratic risk (exposure to over 1400 issuers<sup>5</sup> and protection from subordination) makes it particularly suitable to the current market environment.

## TOP 5 POSITIONS<sup>7</sup>

Deal Name	Rating (M/S/F)	CLO Manager	% of NAV
ARESE 9X D	Baa2/BBB/NR	Ares Management	2.7%
EGLXY 2018-6X D	Baa2/BBB/NR	PineBridge Investments	2.4%
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	2.1%

## RATING BREAKDOWN<sup>7,8</sup>



\*Cash and cash equivalents

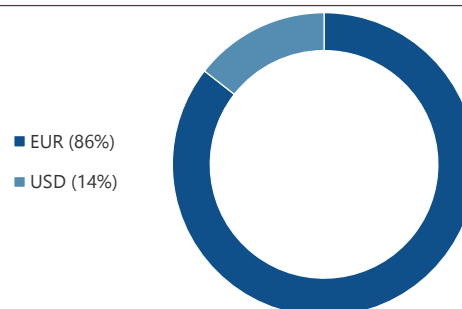
## FUND FACTS

Legal structure	Luxembourg SICAV-Alpha UCITS SICAV
Domicile	Luxembourg
Launch date	13/09/2016
Fund size	€349.5m
Dealing	Weekly (Wednesdays)
Valuations	Daily non-dealing and weekly dealing NAVs
Target gross return <sup>6</sup>	Euribor +5% p.a. (see share class KIIDs for TER details <sup>6</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:	83
Yield to maturity <sup>3</sup> : (based on expected average life of 6.6 years)	Euribor+9.5%
Yield to expected call <sup>3</sup> : (based on expected average life of 3.5 years)	Euribor+14.7%
Floating rate (%):	100%
Fixed rate (%):	0%

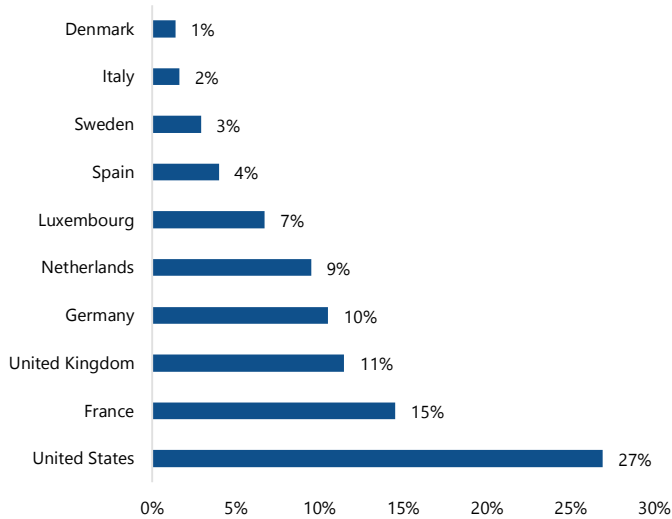
## GEOGRAPHIC BREAKDOWN<sup>7,8</sup>



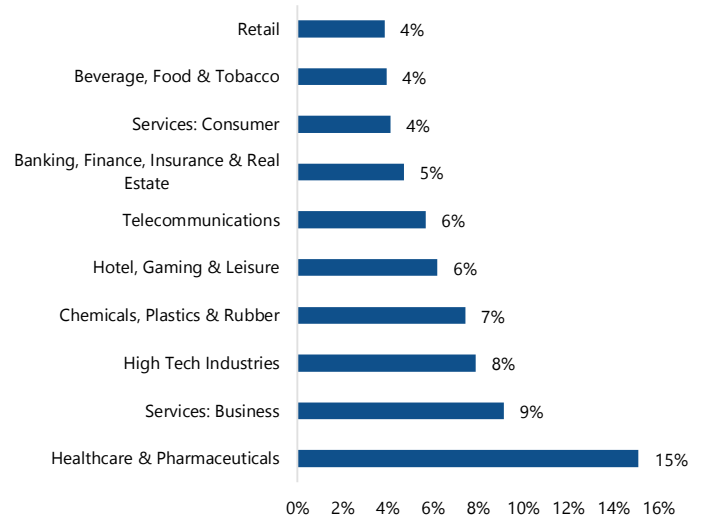


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LOOK-THROUGH GEOGRAPHIC BREAKDOWN (TOP 10)<sup>5</sup>



LOOK-THROUGH INDUSTRY DIVERSIFICATION (TOP 10)<sup>5,9</sup>



MONTHLY PERFORMANCE (M EUR CLASS)<sup>10</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	Mar-20										2020	ITD			
+1.92%	-1.13%	-27.19%										-26.64%	-20.11%			

Maximum weekly return: +1.26%  
Largest weekly drawdown: -15.16%

% Positive or unchanged weeks: +70.45%  
Average weekly return (positive or unchanged weeks): +0.15%  
Average weekly return (negative weeks): -0.87%



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## SHARE CLASS PERFORMANCE<sup>11</sup>

	LAUNCH DATE	ISIN	BLOOMBERG TICKER	NAV (31-MAR-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	798.86	-27.19%	-26.64%	<b>-6.24%</b>	<b>9.47%</b>
Class E EUR	Sep-16	LU1344621674	FODCFEE	789.94	-27.21%	-26.68%	<b>-6.47%</b>	<b>9.42%</b>
Class L EUR	Nov-18	LU1344622219	FODCFLE	741.88	-27.23%	-26.73%	<b>-19.99%</b>	<b>15.20%</b>
Class A EUR	Aug-17	LU1344614893	FODCFAE	754.43	-27.18%	-26.73%	<b>-10.12%</b>	<b>10.83%</b>
Class N EUR	Dec-16	LU1539542248	FODCFNE	704.87	-27.08%	-26.55%	<b>-6.96%</b>	<b>9.77%</b>
Class O EUR	Mar-17	LU1570265261	FODCFOE	730.60	-27.23%	-26.73%	<b>-8.10%</b>	<b>10.08%</b>
Class R EUR	Dec-19	LU1892529196	FODCFRE	735.21	-	-	-	-
Class R2 EUR	-	LU1892529519	-	-	-	-	-	-
Class S EUR	Sep-19	LU1892528388	FODCFSE	734.60	-	-	-	-
Class S2 EUR	-	LU1892528628	-	-	-	-	-	-
Class E GBP	Sep-16	LU1344621831	FODCFEG	808.27	-27.54%	-26.91%	<b>-5.86%</b>	<b>9.54%</b>
Class E2 GBP	Jun-17	LU1628743905	FODCE2G	719.74	-27.54%	-26.74%	<b>-8.50%</b>	<b>10.70%</b>
Class L GBP	Nov-19	LU1344622482	FODCLFG	738.74	-	-	-	-
Class L2 GBP	Sep-17	LU1683328667	FODCL2G	718.12	-27.55%	-26.79%	<b>-9.89%</b>	<b>11.20%</b>
Class A GBP	Dec-17	LU1344615270	FODCFAG	750.46	-27.49%	-26.92%	<b>-11.75%</b>	<b>11.82%</b>
Class P GBP	Apr-17	LU1590456338	FODCFPG	713.84	-27.55%	-26.74%	<b>-8.04%</b>	<b>10.45%</b>
Class E USD	Sep-16	LU1344621757	FODCFEU	860.70	-26.70%	-25.93%	<b>-4.17%</b>	<b>9.43%</b>
Class L USD	Feb-20	LU1344622300	FODCFLU	723.66	-	-	-	-
Class A USD	Aug-19	LU1344622219	FODCAU	750.21	-	-	-	-
Class R USD	Dec-19	LU1892529279	FODCFRU	743.20	-	-	-	-
Class R2 USD	-	LU1892529600	-	-	-	-	-	-
Class S USD	Dec-19	LU1892528461	FODCFSU	745.84	-	-	-	-
Class S2 USD	-	LU1892528891	-	-	-	-	-	-
Class E CHF	Sep-16	LU1344621914	FODCFEC	772.31	-27.33%	-26.86%	<b>-7.07%</b>	<b>9.43%</b>
Class A CHF	Feb-20	LU1344615353	-	716.62	-	-	-	-
Class R CHF	Dec-19	LU1892529436	FODCFRC	733.58	-	-	-	-
Class R2 CHF	-	LU1892529782	-	-	-	-	-	-
Class S CHF	Dec-19	LU1892528545	FODCFSC	735.71	-	-	-	-
Class S2 CHF	-	LU1892528974	-	-	-	-	-	-
Class D ILS	May-17	LU1577731786	FODCFDS	3,818.02	-26.77%	-26.31%	<b>-9.03%</b>	<b>10.62%</b>
Class Q SEK	Oct-18	LU1886619987	FODCFQS	7,366.10	-27.36%	-26.81%	<b>-19.42%</b>	<b>14.98%</b>

### FOOTNOTES:

- (1) Average performance of the EUR share classes, weighted by closing number of shares as of 31-Mar-20. This excludes share classes with less than one year performance.
- (2) Based on FODC's largest holding.
- (3) Weighted average yield of portfolio, before Fund fees and expenses.
- (4) JP Morgan European Leveraged Loan Index.
- (5) 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-Mar-20.
- (6) 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>).
- (7) Based on the current valuation of the assets in the Fund's base currency at month-end.
- (8) Due to rounding errors, the percentages may not sum to 100%. NB. Geographic breakdown of CLO investments excludes cash balance.
- (9) 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-Mar-20.
- (10) 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.
- (11) 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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