



**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 return of +0.16%<sup>1</sup> in March 2018. The Fund invested in two BBB rated investments and exited from four (two BBB rated notes and two BB rated notes). The bonds sold were all purchased below par and sold at a weighted average price of 102.3 US cents. The total number of positions in the portfolio was 95, offering exposure to more than 1,400 underlying senior secured bank loan issuers.

In March, volatility continued in the US and European stock markets, with the S&P500 and Euro Stoxx 50 indices down in the month by -1.37% and -1.11% respectively. The Credit Suisse European High Yield and Western European Loan indices generated returns of -0.13% and +0.05% respectively, while the Fund generated a +0.16%<sup>1</sup> return in the same period. Spreads for primary Euro BBB rated CLO notes ended the month 5bps wider at 245bps while primary Euro BB spreads were 10bps tighter at 490bps. Euro investment grade ended the month 3bps wider at 32bps and high yield spreads widened by 28bps to 388bps respectively<sup>2</sup>.

US and European CLO new issue volumes in Q1 reached \$36.4bn and €6.7bn respectively (compared to \$17.4bn and €2.8bn in Q1 2017)<sup>3</sup>. We expect strong supply to continue given the repeal of risk retention regulations in the US and a full pipeline of primary issuance, refinancings and resets. The last twelve month US loan default rate has slowly risen from 2.05% in December 2017 to 2.42% at the end of March 2018<sup>4</sup>. The Fund is well positioned to withstand significantly higher loan default rates given the significant loss-absorbing junior capital and cash diversion mechanisms in each CLO.

<sup>1</sup>Performance on M EUR Class.

<sup>2</sup>Source: JP Morgan: Primary EUR- CLO BBB Spread to 6M Euribor; Primary EUR- CLO BB Spread to 6M Euribor; iTraxx Europe Main On the Run (3Y) Unfunded JP Morgan CDS Spread Mid; Euro HY Summary Spread to Worst.

## Technical Detail

Legal Structure	Luxembourg SICAV-Alpha UCITS SICAV
Domicile	Luxembourg
Launch Date	13/09/2016
Fund Size	€491.1m
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.

<sup>3</sup>Source: CLO Issuance details from JP Morgan YTD CLO Issuance report 2018-04-02 and 2017-07-05.

<sup>4</sup>S&P/LSTA Leveraged Loan index.

## Top 5 Positions

Deal Name	Rating (M/S/F)	Par Amount
ALME 4X DR	Baa2/NR/BBB	€ 11,500,000
OCPE 2017-1X D	Baa2/BBB/NR	€ 10,000,000
SPAUL 8X D	Baa2/NR/NR	€ 10,000,000
HARVT 18X D	Baa2/BBB/NR	€ 10,000,000
EGLXY 2018-6X D	Baa2/BBB/NR	€ 10,000,000

## Portfolio Metrics

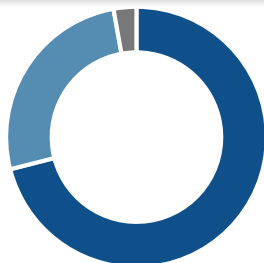
No. of positions:	95
Expected average life:	4.6 yr
Yield to expected call <sup>5</sup> :	Libor+3.60%
Floating rate (%):	100%
Fixed rate (%):	0%
Annualised return <sup>6</sup> :	4.7%
Annualised volatility (daily returns) <sup>6</sup> :	1.0%

<sup>5</sup>Weighted average yield to expected call of investments. This excludes fund fees and expenses.

<sup>6</sup>Representative of M EUR Class share price since inception

## Rating Breakdown

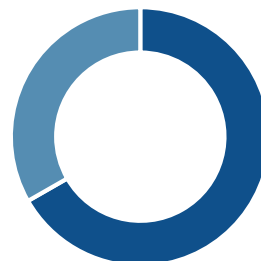
- BBB (71%)
- BB (26%)
- Cash\* (3%)



\*Cash and cash equivalents

## Geographic Breakdown

- EUR (67%)
- USD (33%)



**FAIR OAKS**  
CAPITAL

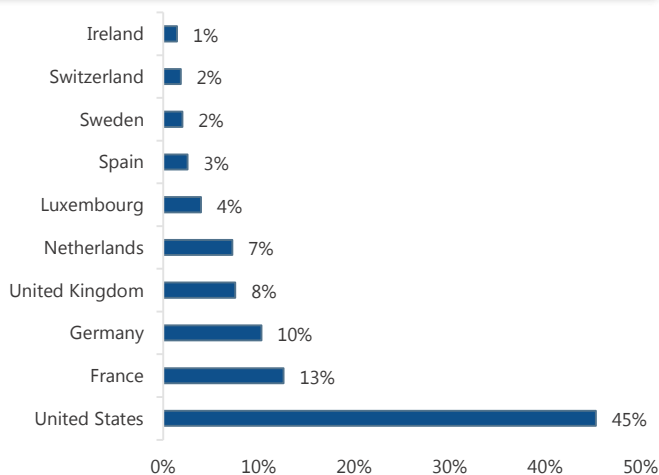
1 Albemarle Street  
London W1S 4HA  
[IR@fairoakscap.com](mailto:IR@fairoakscap.com)

Signatory of:

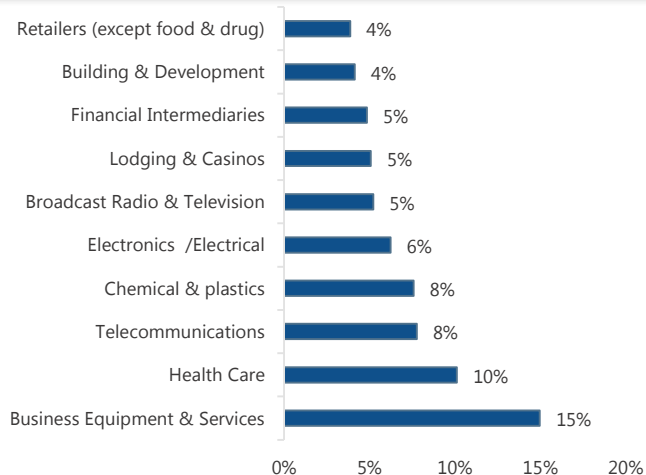




Look-Through Geographic Breakdown (Top 10)<sup>1</sup>



Look-Through Industry Diversification (Top 10)<sup>1</sup>



Share Class Performance<sup>2</sup>

	NAV (29-Mar-18)	Total Return Monthly	Total Return 2018 YTD	Total Return ITD (Since class launch)	ISIN	Bloomberg Ticker	SEDOL
Class M GBP	1078.16	0.24%	1.00%	7.82%	LU1344623613	FODCFMG	BD4GCV2
Class M EUR	1069.93	0.16%	0.79%	6.99%	LU1344623373	FODCFME	BD4GCX1
Class E EUR	1064.31	0.14%	0.72%	6.43%	LU1344621674	FODCFEE	BD4GCL9
Class E GBP	1073.54	0.22%	0.93%	7.35%	LU1344621831	FODCFEG	BD4GCN1
Class E2 GBP	1016.76	0.22%	0.92%	3.58%	LU1628743905	FODCFE2G	-
Class E USD	1093.28	0.37%	1.29%	9.33%	LU1344621757	FODCFEU	BD4GCM0
Class E CHF	1053.34	0.08%	0.55%	5.33%	LU1344621914	FODCFEC	BD4GCP3
Class N EUR	1010.76	0.14%	0.72%	6.27%	LU1539542248	FODCFNE	BD72S50
Class O EUR	1020.80	0.12%	0.64%	4.46%	LU1570265261	FODCFOE	-
Class P GBP	1008.30	0.21%	0.89%	3.90%	LU1590456338	FODCFPG	BDRXFB8
Class D ILS	5137.21	0.15%	0.67%	2.74%	LU1577731786	FODCFDS	-
Class A EUR	1022.36	0.11%	0.59%	2.24%	LU1344614893	FODCFAE	-
Class A GBP	1007.41	0.18%	0.80%	0.74%	LU1344615270	FODCFAG	-
Class L2 GBP	1015.17	0.20%	0.86%	2.33%	LU1683328667	FODCFL2G	-

Monthly Performance (M EUR Class)<sup>2</sup>

									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										2018	ITD
0.38%	0.25%	0.16%										0.79%	6.99%

Maximum Weekly Return: +1.00%  
Largest Weekly Drawdown: -0.20%

% Positive or Unchanged Weeks: 83.12%  
Average Weekly Return (Positive or Unchanged Weeks): +0.12%  
Average Weekly Return (Negative Weeks): -0.06%

<sup>1</sup> Based on total gross assets in underlying bank loan portfolios. Source: Intex.  
<sup>2</sup> Fair Oaks Capital; NAVs calculated net of fees and taken from Bloomberg.





FAIR OAKS  
DYNAMIC CREDIT

FOR INSTITUTIONAL AND WELL-INFORMED INVESTORS ONLY. NO OTHER PERSONS SHOULD RELY ON THE INFORMATION CONTAINED WITHIN THIS REPORT.

This report relates to the Fair Oaks Dynamic Credit Fund (the "Sub-Fund"), a sub-fund of Alpha UCITS SICAV. In making any investment in the Sub-Fund, investors should rely solely on the Prospectus and the Key Investor Information Document (available from the Investment Manager, Fair Oaks Capital Limited) and not any information set out in this report. The distribution of this report in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this report may come should inform themselves about and observe any such restrictions. In particular this report is not for distribution in or into the United States or Canada.

**Important Risk Disclaimers: Past performance is no indication of future results. Inherent in any investment is the potential for loss. Target returns and distributions are hypothetical targets only and are neither guarantees nor predictions or projections of future performance. There can be no assurance that such targeted returns will be achieved or that the Sub-Fund will be able to implement its investment strategy, achieves its investment objective or avoid substantial losses.**

**Swiss Investors:** The distribution of the Sub-Fund is restricted exclusively to qualified investors in accordance with art. 10 para.3 of the Swiss Collective Investment Schemes Act. This report constitutes marketing information. Investment in investment funds is subject to market risks. Past performance results are no indication of future results. Performance results referring to a period of less than twelve months are no reliable indicator for future results due to the short comparison period. Issuance and redemption commissions are not included in the performance figures. For interested parties, the Prospectus, Key Investor Information Documents (KIID), the articles of association as well as the annual and semi-annual reports may be obtained free of charge from the Swiss representative and paying agent in Switzerland: RBC Investor Services Bank S.A., Esch-sur-Alzette, Zurich Branch, Badenerstrasse 567, P.O.Box 1292, CH-8048 Zurich.

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.



FAIR OAKS  
CAPITAL

1 Albemarle Street  
London W1S 4HA  
[IR@fairoakscap.com](mailto:IR@fairoakscap.com)

Signatory of:

