



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 total return of +0.24%¹ in May. The Credit Suisse European High Yield and Western European Loan indices generated returns of -0.97% and +0.09% respectively. The Fund invested in two primary BBB rated notes, one BB rated note was sold (at 100.5c, originally purchased at 87.7c in Q3 2016) and another BB asset was repaid at par. As a result, the Fund's exposure to BBs decreased from 24% in April to 23% in May. The total number of positions in the portfolio remained unchanged at 95, offering exposure to more than 1,440 underlying senior secured bank loan issuers².

European primary BBB CLO spreads widened by 5bps in May, to Euribor+2.60%, while BB spreads remained unchanged at Euribor+5.25%. US primary CLO BBB and BB spreads tightened by 7.5bps and 30bps to US Libor+2.95% and US Libor+5.70% respectively³. Euro investment grade and high yield spreads ended the month wider by 12.9bps and 60.6bps, at 39.4bps and 431.6bps respectively³.

The volatile performance of European credit assets in 2018 and lack of correlation with the Fund continued in May as CLO notes were relatively unaffected by the political turmoil in Italy and the multiple statements on trade emanating from the US and Europe. The Fund's exposure to Italian loans is only 1.6% of gross assets and is diversified across more than twenty issuers². While US bank loan leverage (5.0x in 1Q18) is higher than in 2005 (3.6x)⁵, net leverage for US BBB rated corporate bond issuers is almost double the 2005 level⁶. Notwithstanding this deterioration, BBBs represented over 45% of investment grade US bond issuance in 2017⁶ and the BBB component of the CDX North American Investment Grade Index is trading at a spread of only 0.75% over Libor⁷.

As credit investors we continue to favour a conservative position in the most senior part of the capital structure (senior secured bank loans) of higher quality corporate borrowers based on credit quality and relative value.

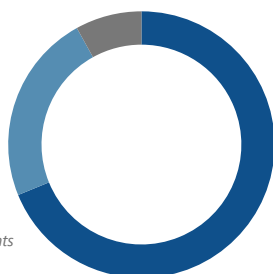
1. Performance on M EUR Class and volatility is on daily returns of the M EUR Class.

2. Based on loan par value weighted by Fund's proportional ownership in investment. Source: Intex.

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

Rating breakdown



- BBB (69%)
- BB (23%)
- Cash* (8%)

*Cash and cash equivalents


FAIR OAKS
 CAPITAL

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Technical detail

Legal Structure	Luxembourg SICAV-Alpha UCITS SICAV
Domicile	Luxembourg
Launch Date	13/09/2016
Fund Size	€525.8m
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.

3. JP Morgan: Primary EUR- CLO BBB Spread to 6M Euribor and CLO BB Spread to 6M Euribor; Primary US- CLO BBB Spread to 3M Libor and CLO BB Spread to 3M Libor; iTraxx Europe Main On the Run (3Y) Unfunded JP Morgan CDS Spread Mid; Euro HY Summary Spread to Worst.

5. S&P Global Intelligence. 1Q 2018. LBO Average Pro Forma Senior Debt/EBITDA. EBITDA of €/550M or More.

6. FT article: "US credit boom: red flag or investable asset?", published on 8 May 2018.

7. Bloomberg: as of 12 June 2018. BBB component of the CDX North American Investment Grade Index is as per Standard & Poor's issuer rating.

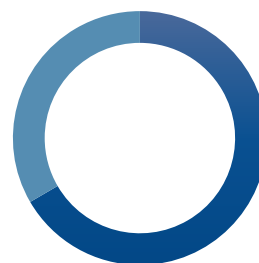
Portfolio metrics

No. of positions:	95
Expected average life:	4.6 yr
Yield to expected call ⁵ :	Libor+3.66%
Floating rate (%):	100%
Fixed rate (%):	0%
Annualised return ⁶ :	4.2%
Annualised volatility (daily returns) ⁶ :	1.0%

5. Weighted average yield to expected call of investments, excluding fund fees and expenses.

6. Representative of M EUR Class share price since inception. Net of fees.

Geographic breakdown



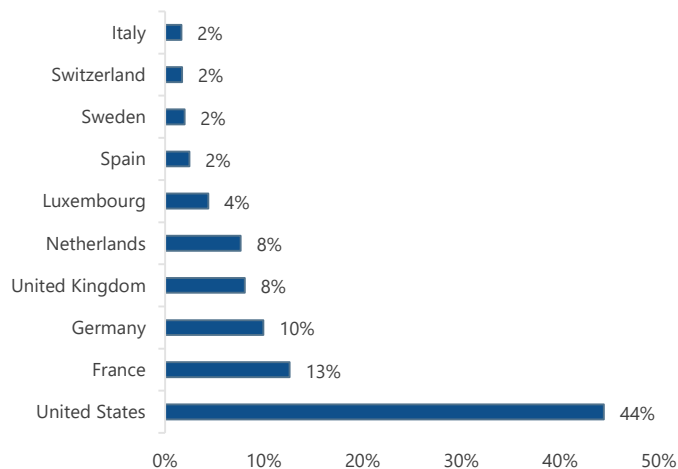
- EUR (67%)
- USD (33%)

Signatory of:

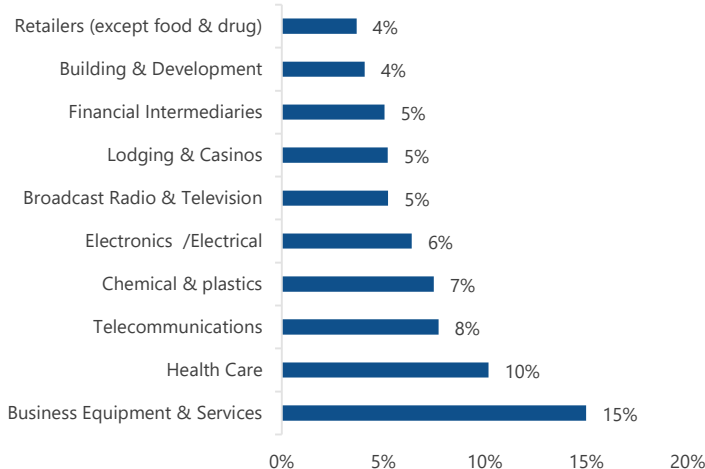




Look-through geographic breakdown (top 10)¹



Look-through industry diversification (top 10)¹



Share class performance²

	NAV (31-May-18)	TOTAL RETURN MONTHLY	TOTAL RETURN 2018 YTD	TOTAL RETURN ITD (SINCE CLASS LAUNCH)	ISIN	BLOOMBERG TICKER	SEDOL
Class M GBP	1079.69	0.30%	1.15%	7.97%	LU1344623613	FODCFMG	BD4GCV2
Class M EUR	1069.89	0.24%	0.79%	6.99%	LU1344623373	FODCFME	BD4GCX1
Class E EUR	1063.75	0.21%	0.66%	6.38%	LU1344621674	FODCFEE	BD4GCL9
Class E GBP	1074.53	0.28%	1.02%	7.45%	LU1344621831	FODCFEG	BD4GCN1
Class E2 GBP	1009.57	0.27%	1.00%	3.67%	LU1628743905	FODCFE2G	-
Class E USD	1097.21	0.43%	1.66%	9.72%	LU1344621757	FODCFEU	BD4GCM0
Class E CHF	1051.89	0.17%	0.41%	5.19%	LU1344621914	FODCFEC	BD4GCP3
Class N EUR	1010.22	0.21%	0.66%	6.22%	LU1539542248	FODCFNE	BD72S50
Class O EUR	1019.75	0.19%	0.54%	4.35%	LU1570265261	FODCFOE	-
Class P GBP	1001.75	0.27%	0.95%	3.96%	LU1590456338	FODCFPG	BDRXFB8
Class D ILS	5129.15	0.15%	0.51%	2.58%	LU1577731786	FODCFDS	-
Class A EUR	1021.38	0.19%	0.49%	2.14%	LU1344614893	FODCFAE	-
Class A GBP	1007.78	0.24%	0.84%	0.78%	LU1344615270	FODCFAG	-
Class L2 GBP	1008.82	0.26%	0.92%	2.38%	LU1683328667	FODCFL2G	-

Monthly performance (M EUR Class)²

									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								2018	ITD
0.38%	0.25%	0.16%	-0.24%	+0.24%								0.79%	6.99%

Maximum weekly return:	+1.00%	% Positive or unchanged weeks:	80.23%
Largest weekly drawdown:	-0.20%	Average weekly return (positive or unchanged weeks):	+0.11%
		Average weekly return (negative weeks):	-0.06%

1. Based on total gross assets in underlying bank loan portfolios. Source: Intex.
2. Fair Oaks Capital; NAVs calculated net of fees.





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DYNAMIC CREDIT

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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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