



## 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 +0.7% in May (see performance table) taking the year to date performance to 4.5%<sup>1</sup>. The Credit Suisse European Leveraged Loan index was flat in May (+0.04%) while the High Yield index was down -1.92%<sup>2</sup>.

Wider CLO spreads continue to impact new issue volumes negatively. A total of \$12.8 billion worth of new CLOs were issued in May compared to \$18.5 billion last month and \$12.2 billion in May 2018<sup>3</sup>. Political and macroeconomic factors (US/China trade, US/Iran conflict, potential US interest rate cuts) are likely to prevent a recovery in credit assets in the short-term. Issues specific to the CLO market, such as the wider spreads required by Japanese AAA investors (see our May [Reflections](#) for background on this topic), will also weigh on CLO spreads in the short-term.

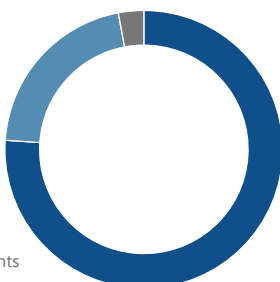
Given this environment, we are comfortable with the current risk positioning of the Fund. We have rotated some exposure from higher priced bonds to lower-coupon, lower-price investments to increase convexity in the portfolio. Should the market rally, bonds priced to maturity at a discount to par are likely to move closer to par as they are repriced to an earlier call/refinancing, generating larger gains.

## TOP 5 POSITIONS<sup>4</sup>

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 (76%)
- BB (21%)
- Cash\* (3%)



\*Cash and cash equivalents

## FUND FACTS

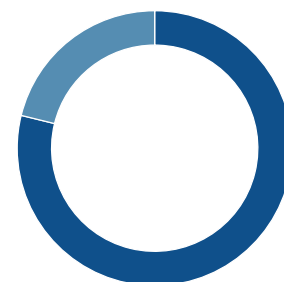
Legal Structure	Luxembourg SICAV-Alpha UCITS SICAV
Domicile	Luxembourg
Launch Date	13/09/2016
Fund Size	€544.4m
Dealing	Weekly (Wednesdays)
Valuations	Daily Non-Dealing and Weekly Dealing NAVs
Return Profile	Libor+4% p.a. (net target returns)
Base Currency	€ denominated
Investment Manager	Fair Oaks Capital 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:	91
Expected average life:	4.0 yr
Yield to expected call <sup>5</sup> :	Libor+4.27%
Floating rate (%):	100%
Fixed rate (%):	0%

## GEOGRAPHIC BREAKDOWN

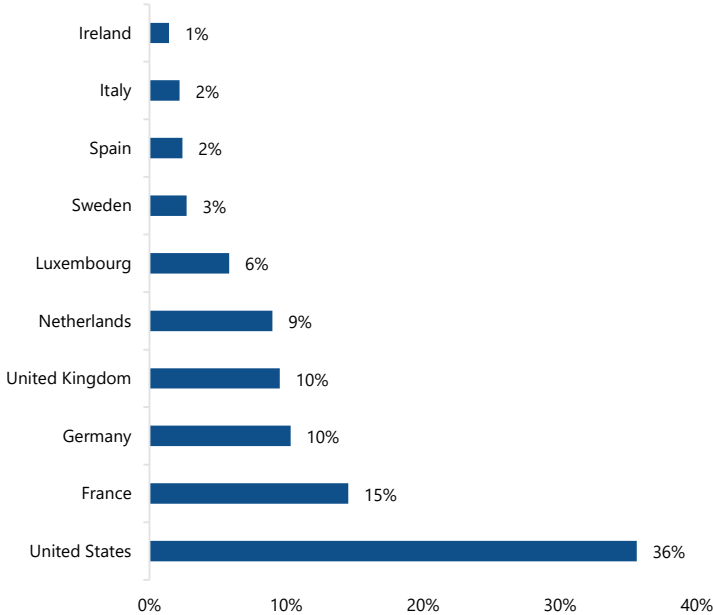
- EUR (79%)
- USD (21%)



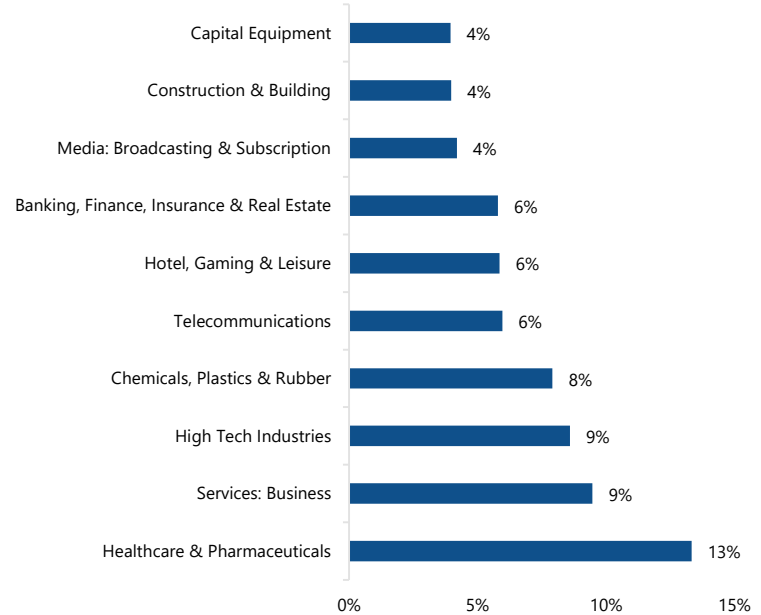


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### LOOK-THROUGH GEOGRAPHIC BREAKDOWN (TOP 10)<sup>6</sup>



### LOOK-THROUGH INDUSTRY DIVERSIFICATION (TOP 10)<sup>6,7</sup>



### SHARE CLASS PERFORMANCE<sup>8</sup>

	ISIN	BLOOMBERG TICKER	NAV (31-May-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	1103.39	0.83%	4.98%	10.34%	<b>3.70%</b>	<b>1.44%</b>
Class M EUR	LU1344623373	FODCFME	1082.16	0.74%	4.52%	8.22%	<b>3.02%</b>	<b>1.45%</b>
Class E EUR	LU1344621674	FODCFEE	1072.67	0.71%	4.38%	7.27%	<b>2.62%</b>	<b>1.44%</b>
Class E GBP	LU1344621831	FODCFEG	1093.90	0.78%	4.82%	9.39%	<b>3.37%</b>	<b>1.44%</b>
Class E2 GBP	LU1628743905	FODCFE2G	994.90	0.79%	4.82%	5.49%	<b>2.77%</b>	<b>1.45%</b>
Class E USD	LU1344621757	FODCFEU	1138.39	0.98%	5.67%	13.84%	<b>4.90%</b>	<b>1.44%</b>
Class E CHF	LU1344621914	FODCFEC	1054.87	0.66%	4.17%	5.49%	<b>1.99%</b>	<b>1.44%</b>
Class N EUR	LU1539542248	FODCFNE	985.96	0.71%	4.37%	7.02%	<b>2.83%</b>	<b>1.45%</b>
Class O EUR	LU1570265261	FODCFOE	994.33	0.68%	4.18%	4.85%	<b>2.15%</b>	<b>1.44%</b>
Class P GBP	LU1590456338	FODCFPG	987.53	0.80%	4.77%	5.78%	<b>2.72%</b>	<b>1.41%</b>
Class D ILS	LU1577731786	FODCFDS	5154.85	0.70%	4.35%	3.10%	<b>1.53%</b>	<b>1.44%</b>
Class A EUR	LU1344614893	FODCFAE	1026.91	0.64%	4.23%	2.69%	<b>1.48%</b>	<b>1.49%</b>
Class A GBP	LU1344615270	FODCFAG	1016.90	0.13%	3.99%	1.69%	<b>1.15%</b>	<b>1.67%</b>
Class L2 GBP	LU1683328667	FODCL2G	993.90	0.78%	4.68%	3.92%	<b>2.27%</b>	<b>1.75%</b>
Class Q SEK	LU1886619987	FODCFQE	10022.70	0.69%	4.32%	0.23%	<b>NM</b>	<b>NM</b>
Class Q EUR	LU1902638607	FODCFQS	1011.30	0.69%	4.30%	1.13%	<b>NM</b>	<b>NM</b>
Class L EUR	LU1344622219	FODCFLE	1009.52	0.69%	4.28%	0.95%	<b>NM</b>	<b>NM</b>



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MONTHLY PERFORMANCE (M EUR CLASS)<sup>9</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	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								2019	ITD			
+1.55%	-0.07%	+1.29%	+0.93%	+0.74%								+4.52%	+8.22%			

Maximum weekly return:	+1.26%	% Positive or unchanged weeks:	+74.07%
Largest weekly drawdown:	-2.17%	Average weekly return (positive or unchanged weeks):	+0.13%
		Average weekly return (negative weeks):	-0.16%

FOOTNOTES:

- (1) Share class performance of the EUR shares as of 31-May-19.
- (2) Credit Suisse Western European Leveraged Loan and High Yield indices as of 31-May-19.
- (3) JP Morgan CLO new issuance of European and US CLOs. Data as of 31-May-19.
- (4) Based on current valuation of the assets in the Fund's currency. Data as of 31-May-19.
- (5) Weighted average yield to expected call of investments, excluding fund fees and expenses.
- (6) Based on total gross assets in underlying bank loan portfolios. Source: Intex. Data as of 31-May-19.
- (7) Based on Moody's classification of the loan issuers. Data as of 31-May-19.
- (8) NAVs calculated net of fees.
- (9) Fair Oaks data as at 31-May-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.

CONTACT INFORMATION:



**FAIR OAKS**  
CAPITAL

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

Signatory of:



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