



## 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 down -0.3% to -0.6%<sup>1</sup> (see performance table) while the European High Yield index was down -2.1% and the European Leveraged Loan index was down -0.6%<sup>2</sup>.

The second half of November is traditionally a slow week in the bank loan and CLO markets given the US Thanksgiving holiday. A combination of negative credit headlines and a change in investor expectations regarding future US interest rate hikes resulted in loan price volatility and outflows from liquid loan funds and ETFs. Although the majority of investors in bank loans are long-term vehicles, the marginal impact of open-ended funds or ETFs selling can be substantial. The second half of the month also saw a significant increase in selling of CLO rated notes. BWIC (bid wanted in competition) auction volumes for CLO notes rated A to BB in the last two weeks of November were 3.5 times higher than the weekly average for 2018<sup>3</sup>.

As a result of these flows, European BBB CLO spreads widened (EU primary spreads widened by 20 bps vs 3 bps in the US<sup>4</sup>) and represent, in our view, one of the most attractive relative value opportunities in the market. Current EU primary BBB spreads (3.65%<sup>4</sup>) are at a two-year high. We continue to believe in the strong fundamental and relative value of the Fund's current portfolio, focused on investment grade rated Euro-denominated CLOs and believe that the recent spread widening presents a very attractive opportunity for the Fund.

1. Monthly performance of EUR share classes.

2. JP Morgan European high yield index and Credit Suisse Western European loan index, as of 30-Nov-18.

3. BWIC data from Citi Velocity, as of 30-Nov-18.

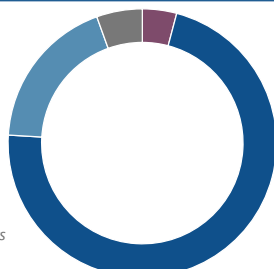
4. JP Morgan.

## Top 5 positions

Deal Name	Rating (M/S/F)	Par Amount
ARESE 9X D	Baa2/BBB/NR	€ 13,400,000
EGLXY 2018-6X D	Baa2/BBB/NR	€ 12,000,000
OZLME 4X D	Baa2/NR/BBB-	€ 12,000,000
ALME 4X DR	Baa2/NR/BBB	€ 11,500,000
OCPE 2017-1X D	Baa2/BBB/NR	€ 10,000,000

## Rating breakdown

- A (4.1%)
- BBB (71.8%)
- BB (18.5%)
- Cash\* (5.5%)



\*Cash and cash equivalents

## Fund facts

Legal Structure	Luxembourg SICAV-Alpha UCITS SICAV
Domicile	Luxembourg
Launch Date	13/09/2016
Fund Size	€690.1m
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.

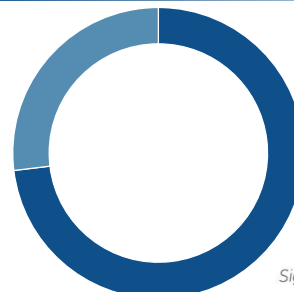
## Portfolio metrics

No. of positions:	119
Expected average life:	4.5 yr
Yield to expected call <sup>5</sup> :	Libor+3.85%
Floating rate (%):	100%
Fixed rate (%):	0%

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

## Geographic breakdown

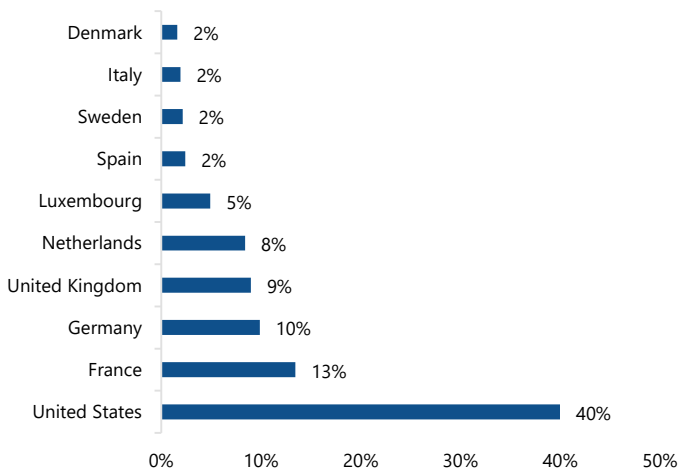
- EUR (73%)
- USD (27%)



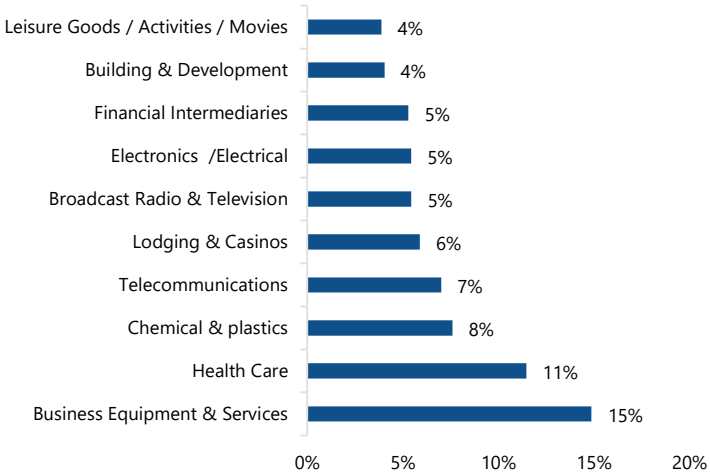
Signatory of:



### Look-through geographic breakdown (top 10)<sup>1</sup>



### Look-through industry diversification (top 10)<sup>1</sup>



### Share class performance<sup>2</sup>

	ISIN	Bloomberg Ticker	NAV (30-Nov-18)	Total Return Monthly	Total Return 2018 YTD	Total Return ITD (Since Class Launch)	Annualised Return	Annualised Volatility
Class M GBP	LU1344623613	FODCFMG	1083.4	-0.4%	1.5%	8.3%	3.7%	1.0%
Class M EUR	LU1344623373	FODCFME	1068.2	-0.5%	0.6%	6.8%	3.1%	1.0%
Class E EUR	LU1344621674	FODCFEE	1060.4	-0.5%	0.3%	6.0%	2.7%	0.9%
Class E GBP	LU1344621831	FODCFEG	1076.0	-0.4%	1.2%	7.6%	3.4%	1.0%
Class E2 GBP	LU1628743905	FODCFE2G	994.7	-0.5%	1.2%	3.8%	2.6%	0.6%
Class E USD	LU1344621757	FODCFEU	1108.4	-0.3%	2.7%	10.8%	4.8%	1.0%
Class E CHF	LU1344621914	FODCFEC	1045.7	-0.6%	-0.2%	4.6%	2.0%	0.9%
Class N EUR	LU1539542248	FODCFNE	990.8	-0.5%	0.4%	5.9%	3.0%	0.9%
Class O EUR	LU1570265261	FODCFOE	1015.2	-0.6%	0.1%	3.9%	2.2%	0.8%
Class P GBP	LU1590456338	FODCFPG	987.2	-0.5%	1.1%	4.1%	2.5%	0.6%
Class D ILS	LU1577731786	FODCFDS	5096.4	-0.6%	-0.1%	1.9%	1.3%	0.6%
Class A EUR	LU1344614893	FODCFAE	1016.9	-0.6%	0.1%	1.7%	1.3%	0.6%
Class A GBP	LU1344615270	FODCFAG	1008.4	-0.5%	0.9%	0.8%	0.9%	0.6%
Class L2 GBP	LU1683328667	FODCFL2G	993.9	-0.5%	1.0%	2.4%	2.0%	0.6%
Class Q SEK	LU1886619987	FODCFQE	9919.5	-0.8%	-0.8%	-0.8%	NM	NM

### Monthly performance (M EUR Class)<sup>3</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			
+0.38%	+0.25%	+0.16%	-0.24%	+0.24%	-0.13%	+0.06%	+0.31%	0.00%	+0.12%	-0.51%	+0.63%	+6.82%	

Maximum weekly return:	+1.00%	% Positive or unchanged weeks:	+74.77%
Largest weekly drawdown:	-0.34%	Average weekly return (positive or unchanged weeks):	+0.10%
		Average weekly return (negative weeks):	-0.07%

1. Based on total gross assets in underlying bank loan portfolios. Source: Inxte.  
 2. NAVs calculated net of fees.  
 3. Fair Oaks Capital; the M EUR Class is the earliest class with the longest track record.





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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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Signatory of:

