



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's monthly performance in October was +0.12%¹ while the European High Yield index was down -1.17% and the European Leveraged Loan index was up +1.09%². Year-to-date, the Fund has outperformed the European High Yield index (+1.15% return vs -1.24% for the index)². In addition, the Fund's year-to-date daily volatility was 0.51%¹ versus 2.13% volatility for the JP Morgan European High Yield index².

Bank loan fundamentals continue to be supportive with the US and European loan default rates at 1.92% and 0.11% respectively³. European bank loans spreads tightened from Euribor+4.32% to Euribor+4.30% while European high yield bond spread-to-worst widened from +4.05% to +4.65%⁴.

October was a difficult month for equities which saw the S&P 500 down -7.1% in the month and FTSE 100 down -5.1%⁵. Bond funds also suffered with investors withdrawing \$36 billion in the month⁶ and loan mutual funds saw an outflow of less than \$1 billion⁷.

Activity in CLO new issuance remained robust with year-to-date global new issuance totalling \$140 billion as of October and refinancing and resets at \$150 billion⁸. Global CLO primary spreads remain wider than at the start of the year but in the US, CLO primary spreads in sub-investment grade notes have tightened from September, notwithstanding the strong supply. As of October 2018, European primary AAA CLO spreads stand at 98 bps while primary BBB CLO spreads are 345 bps⁹. In the US, primary CLO AAA spreads are 123 bps while BBB CLO spreads are 320 bps⁹. For the remainder of the year, analysts expect CLO supply to dwindle, as CLO managers hold back from issuing new deals until Q1 2019.

In the secondary market, supply has been robust this year and according to BAML, US CLO trading volumes have increased by 36% from the same period last year⁹.

In October, the Fund purchased five new investments in single A, BBB and BB European notes in the primary and secondary markets. The weighted average purchase price was 99.3 cents. The total number of positions in the portfolio increased to 115, offering exposure to over 1,500¹⁰ underlying senior secured bank loan issuers.

1. Performance and volatility of daily returns (M EUR Class).

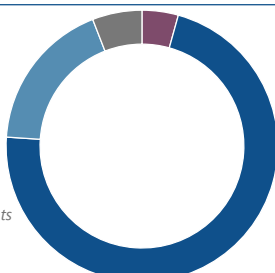
Top 5 positions

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%)
- BBB (72%)
- BB (17%)
- Cash* (7%)

*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	€655.8m
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.

2. JPMorgan European high yield index and Credit Suisse Western European loan index, as of 31-Oct-18.

3. S&P/LSTA Leveraged Loan Index and S&P European Leveraged Loan Index default rates by principal amount, as of 31-Oct-18.

4. S&P ELLI Index, discounted spread (3 year) and JP Morgan Euro HY Index, spread-to-worst. Data as of 31-Oct-18.

5. FT markets.

6. FT publication "Bond funds hit by biggest monthly withdrawals in almost 3 years", 02-Nov-2018.

7. Prime fund inflows/outflows by Lipper.

8. JP Morgan.

9. BWIC data from BAML, as of 31-Oct-18.

10. Intex.

Portfolio metrics

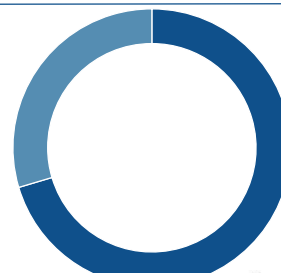
No. of positions:	115
Expected average life:	4.4 yr
Yield to expected call ⁵ :	Libor+3.66%
Floating rate (%):	100%
Fixed rate (%):	0%
Annualised return ⁶ :	3.5%
Annualised volatility (daily returns) ⁶ :	0.9%

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 (70%)
- USD (30%)

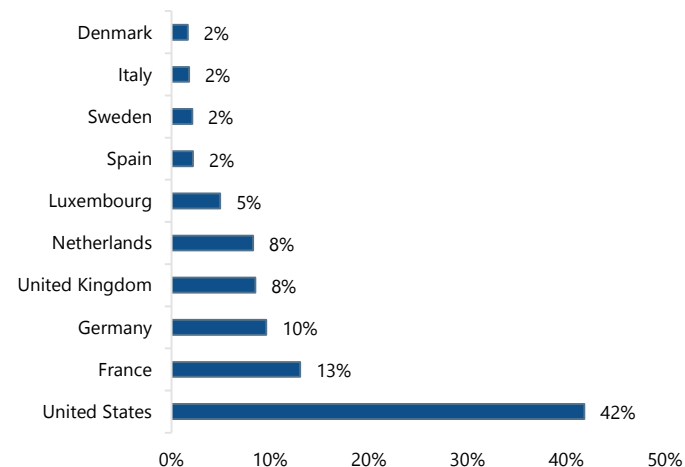


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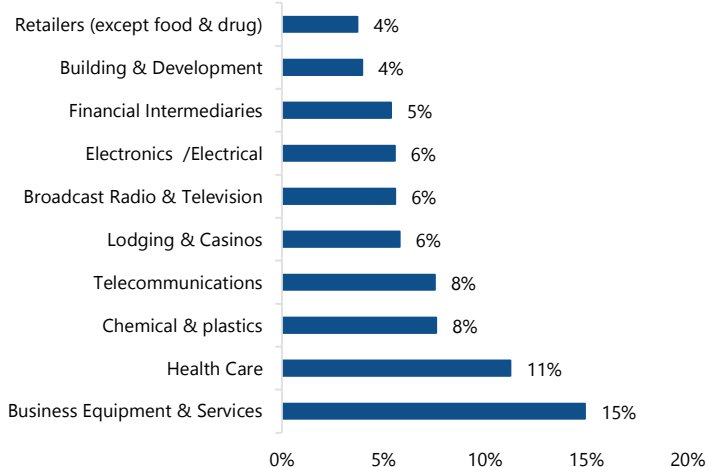
PRI Principles for Responsible Investment



Look-through geographic breakdown (top 10)¹



Look-through industry diversification (top 10)¹



Share class performance²

	NAV (31-Oct-18)	Total Return Monthly	Total Return 2018 YTD	Total Return ITD (Since Class Launch)	ISIN	Bloomberg Ticker	SEDOL
Class M GBP	1088.00	0.22%	1.93%	8.80%	LU1344623613	FODCFMG	BD4GKY2
Class M EUR	1073.67	0.12%	1.15%	7.37%	LU1344623373	FODCFME	BD4GCX1
Class E EUR	1066.08	0.09%	0.88%	6.61%	LU1344621674	FODCFEE	BD4GCL9
Class E GBP	1080.70	0.18%	1.60%	8.07%	LU1344621831	FODCFEG	BD4GCN1
Class E2 GBP	1007.41	0.18%	1.62%	4.29%	LU1628743905	FODCFE2G	-
Class E USD	1111.61	0.32%	2.99%	11.16%	LU1344621757	FODCFEU	BD4GCM0
Class E CHF	1051.71	0.04%	0.40%	5.17%	LU1344621914	FODCFEC	BD4GCP3
Class N EUR	996.13	0.09%	0.88%	6.43%	LU1539542248	FODCFNE	BD72S50
Class O EUR	1020.89	0.07%	0.65%	4.47%	LU1570265261	FODCFOE	-
Class P GBP	991.65	0.17%	1.52%	4.53%	LU1590456338	FODCFPG	BDRXFB8
Class D ILS	5125.98	-0.02%	0.45%	2.52%	LU1577731786	FODCFDS	-
Class A EUR	1022.53	0.06%	0.60%	2.25%	LU1344614893	FODCFAE	-
Class A GBP	1013.08	0.16%	1.37%	1.31%	LU1344615270	FODCFAG	-
Class L2 GBP	998.56	0.15%	1.41%	2.88%	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	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18			2018	ITD			
+0.38%	+0.25%	+0.16%	-0.24%	+0.24%	-0.13%	+0.06%	+0.31%	0.00%	+0.12%			+1.15%	+7.37%			
Maximum weekly return:			+1.00%			% Positive or unchanged weeks:						+75.70%				
Largest weekly drawdown:			-0.20%			Average weekly return (positive or unchanged weeks):						+0.10%				
						Average weekly return (negative weeks):						-0.05%				

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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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:

