



## 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

During August, the Fund invested €32 million in five new investments and sold one investment. The position that was exited had been purchased at a price of 97.2 in October 2016 and was sold at a price of 102.2 in August. The total number of investments in the portfolio increased to 83, offering exposure to over 1,400 underlying senior secured bank loan issuers.

While the European new issue CLO market experienced a seasonal slowdown in August, with issuance halving from previous months, the US market saw \$13 billion of issuance. This brings year-to-date US new CLO issuance to \$74 billion, already ahead of the full-year 2016 volume of \$72 billion. Refinancing activity slowed down in both markets but still recorded a healthy \$7.5 billion global volume.<sup>1</sup>

As we approach the one-year anniversary of the launch of the Fund, we continue to see significant relative value in CLO mezzanine investments compared to corporate credit in general and high yield in particular. EUR BBB CLO spreads tightened 127 bps in the period between the end of Sep-16 and the end of Aug-17, while European and US high yield spreads tightened by 146 and 113 bps respectively. While the spread on European BBB CLO notes was 92 bps tighter than European high yield at the end of Sep-16, today it is only 74 bps tighter<sup>2</sup>, notwithstanding the lower ratings and interest rate exposure of high yield and the very low volatility experienced by the Fund since launch.

<sup>1</sup> Source: JP Morgan

<sup>2</sup> Based on JP Morgan 2.0 EUR - CLO BBB Spread to 6M Euribor, JPMorgan Global HY Index and JPMorgan Euro HY Index.

## Technical Detail

Legal Structure	Luxembourg SICAV Alpha UCITS SICAV
Domicile	Luxembourg
Launch Date	13/09/2016
Fund Size	€355.8m
Dealing	Weekly (Wednesdays)
Valuations	Daily Non-Dealing and Weekly Dealing NAVs
Return Profile	L+4-5% 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.

## Top 5 Positions

Deal Name	Rating (M/S/F)	Par Amount
OCPE 2017 1X D	Baa2/BBB/-	€ 10,000,000
CGMSE 2015-2X CR	Baa3/BBB/-	€ 9,750,000
CADOG 5X DR	Baa2/BBB/-	€ 9,250,000
BCCE 2017-1X D	Baa2/BBB/-	€ 8,500,000
CADOG 6X DR	Baa2/BBB/-	€ 8,000,000

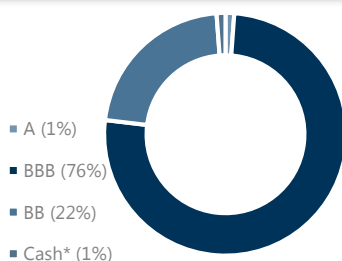
## Portfolio Metrics

No. of positions:	83
Expected average life:	4.7 yrs
Expected yield <sup>3</sup> :	4.4%
Floating rate (%):	100%
Fixed rate (%):	0%
Annualised Return <sup>4</sup> :	5.0%
Annualised Volatility (Daily Returns) <sup>4</sup> :	1.3%

<sup>3</sup> Gross expected yield of investments in currency of investment

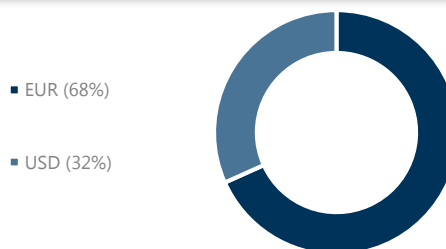
<sup>4</sup> Representative of M EUR Class since inception. Data for other classes available on request

## Rating Breakdown



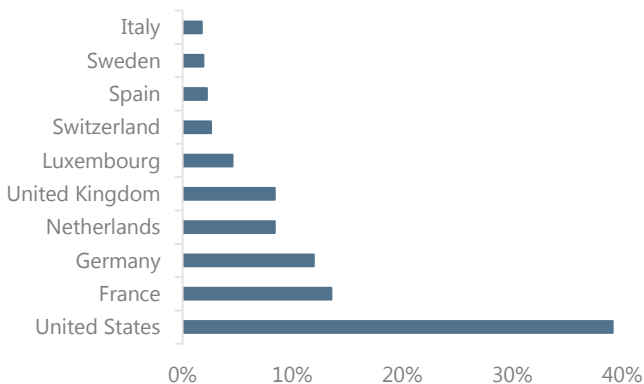
\*Cash and cash equivalents

## Geographic Breakdown

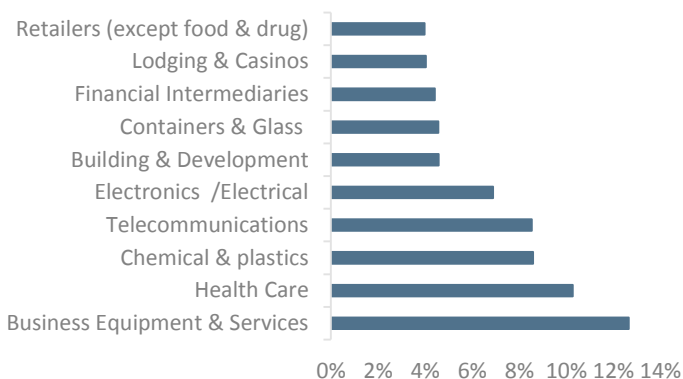




**Look-Through Geographic Breakdown (Top 10)<sup>1</sup>**



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



<sup>1</sup> Based on total gross assets in underlying bank loan portfolios

**Share Class Performance**

	NAV (31-Aug-17)	Total Return Monthly	Total Return 2017 YTD	Total Return ITD (Since class launch)	ISIN	Bloomberg Ticker	SEDOL
Class M GBP	1048.83	0.59%	4.71%	4.88%	LU1344623613	FODCFMG	BD4GCV2
Class M EUR	1045.16	0.54%	4.26%	4.52%	LU1344623373	FODCFME	BD4GCX1
Class E EUR	1041.42	0.51%	4.01%	4.14%	LU1344621674	FODCFEE	BD4GCL9
Class E GBP	1046.3	0.56%	4.45%	4.63%	LU1344621831	FODCFEG	BD4GCN1
Class E2 GBP	1006.8	0.23%	0.70%	0.70%	LU1628743905	FODCFE2G	-
Class E USD	1056.89	0.68%	5.14%	5.69%	LU1344621757	FODCFEU	BD4GCM0
Class E CHF	1034.91	0.47%	3.58%	3.49%	LU1344621914	FODCFEC	BD4GCP3
Class N EUR	1008.28	0.51%	3.98%	4.07%	LU1539542248	FODCFNE	BD72SS0
Class O EUR	1023.85	0.49%	2.38%	2.38%	LU1570265261	FODCFOE	-
Class P GBP	1009.14	0.55%	1.47%	1.47%	LU1590456338	FODCFPG	BDRXFB8
Class D ILS	5036.36	0.42%	0.73%	0.73%	LU1577731786	FODCFDS	-
Class A EUR	1003.88	0.39%	0.39%	0.39%	LU1344614893	FODCFAE	-

**Monthly Performance (M EUR Class)**

	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	2017	ITD
1.06%	0.31%	1.28%	0.03%	0.34%	0.26%	0.36%	0.54%	4.26%	4.52%

<b>Maximum Weekly Return:</b>	+1.00%	<b>% Positive or Unchanged Weeks:</b>	78.72%
<b>Largest Weekly Drawdown:</b>	-0.20%	<b>Average Weekly Return (Positive or Unchanged Weeks):</b>	+0.14%
		<b>Average Weekly Return (Negative Weeks):</b>	-0.07%



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