



**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

In June, the Fund invested €64 million in ten new investments. The fund size increased to €338 million and the total number of investments in the portfolio increased to 79.

New CLO issuance increased sharply in the US, from \$10 billion in May to \$15 billion in June, the highest monthly level seen since early 2015<sup>1</sup>. The investment manager took advantage of opportunities presented by this activity and sourced most new investments in the US primary market. The fund's exposure to US CLOs increased from 23% to 31%. While the secondary CLO market remains active, notes have been trading at a premium to primary levels<sup>2</sup>. As a result, the proportion of the portfolio which has been sourced from the primary market has increased to 72%.

As expected, CLO refinancing activity increased again in June (to \$22 billion), ahead of CLO's typical quarterly payment dates in July. The fund has participated very selectively in refinancing transactions where, in the investment manager's view, the pricing sometimes does not adequately reflect lower portfolio quality.

The overall environment remained healthy for both US and European CLOs with stable CLO AAA pricing, increasing loan issuance, declining loan refinancing volume and a relatively benign outlook for default rates<sup>1</sup>.

Source: <sup>1</sup> JP Morgan <sup>2</sup> Morgan Stanley

## Technical Detail

Legal Structure	Luxembourg SICAV Alpha UCITS SICAV
Domicile	Luxembourg
Launch Date	13/09/2016
Fund Size	€337.9m
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
CADOG 5X DR	Baa2/BBB/-	€ 9,250,000
BABSN 2017-1X E	-/BB/-	\$ 9,750,000
CADOG 6X D	Baa3/-/BBB	€ 8,000,000
MAGNE 2017-19X D	Baa3/-/-	\$ 9,000,000

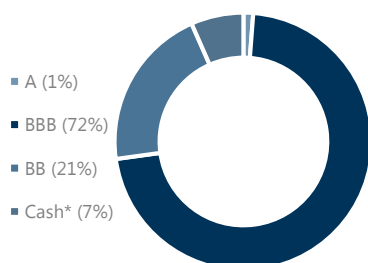
## Portfolio Metrics

No. of positions:	69
Expected average life:	4.6 yrs
Expected yield <sup>3</sup> :	4.8%
Floating rate (%):	100%
Fixed rate (%):	0%
Annualised Return <sup>4</sup> :	4.9%
Annualised Volatility (Daily Returns) <sup>4</sup> :	1.4%
Annualised Volatility (Weekly Returns) <sup>4</sup> :	0.7%

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

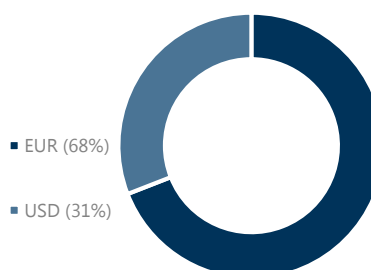
<sup>4</sup> Representative of M EUR Class since inception. Data for other classes available on request

## Rating Breakdown



\*Cash and cash equivalents

## Geographic Breakdown



**FAIR OAKS**  
CAPITAL

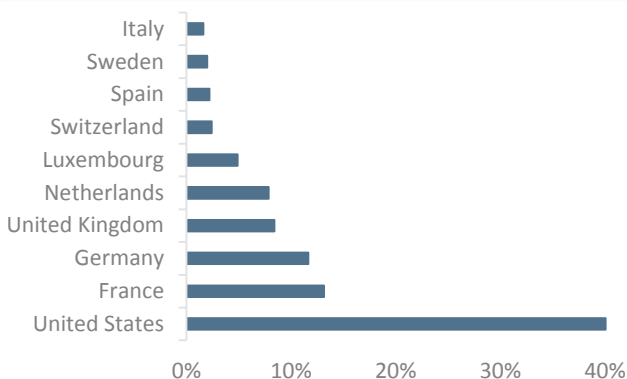
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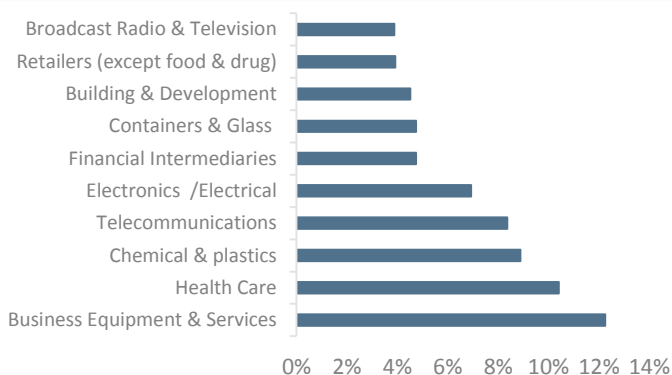




**Look-Through Geographic Breakdown (Top 10)<sup>1</sup>**



**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 (30-Jun-17)	Total Return Jun-17	Total Return 2017 YTD	Total Return ITD (Since class launch)	ISIN	Bloomberg Ticker	SEDOL
Class M GBP	1038.26	0.31%	3.66%	3.83%	LU1344623613	FODCFMG	BD4GKY2
Class M EUR	1035.79	0.26%	3.33%	3.58%	LU1344623373	FODCFME	BD4GCX1
Class E EUR	1032.66	0.22%	3.13%	3.27%	LU1344621674	FODCFEE	BD4GCL9
Class E GBP	1036.45	0.27%	3.46%	3.65%	LU1344621831	FODCFEG	BD4GCN1
Class E USD	1044.69	0.37%	3.93%	4.47%	LU1344621757	FODCFEU	BD4GCM0
Class E CHF	1027.01	0.18%	2.79%	2.70%	LU1344621914	FODCFEC	BD4GCP3
Class N EUR	1019.78	0.22%	1.89%	1.98%	LU1539542248	FODCFNE	BD72S50
Class O EUR	1015.64	0.19%	n.a.	1.56%	LU1570265261	FODCFOE	-
Class P GBP	1005.31	0.22%	n.a.	0.53%	LU1590456338	FODCFPG	BDRXFB8
Class D ILS	5001.41	n.a.	n.a.	0.03%	LU1577731786	FODCFDS	-

**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	2017	ITD
1.06%	0.31%	1.28%	0.03%	0.34%	0.26%	3.33%	3.58%

<b>Maximum Weekly Return:</b>	+1.00%	<b>% Positive or Unchanged Weeks:</b>	71.79%
<b>Largest Weekly Drawdown:</b>	-0.20%	<b>Average Weekly Return (Positive or Unchanged Weeks):</b>	+0.15%
		<b>Average Weekly Return (Negative Weeks):</b>	-0.07%



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