



**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 May, the Fund invested in two new investments, both in the European new issue market. The total number of investments in the portfolio increased to 69.

The CLO primary market continued to see healthy issuance levels in May with 18 new CLOs issued in the US and 6 in Europe for a combined total of \$12.5bn<sup>1</sup>. After three record-breaking months above \$20bn, CLO refinancing activity slowed to \$11.1bn in May<sup>1</sup>. Most CLOs make quarterly distributions to noteholders in January, April, July and October and since refinancings tend to close on payment dates, refinancing activity may increase again ahead of July payment dates.

New issue pricing was stable in Europe in May with the exception of some widening seen in AAA-rated CLO notes towards the end of the month. This was mainly a result of Japanese CLO investors reacting to a change in the JPY/EUR interest rate swap basis. In the US, AAA CLO pricing was stable in May while there was some continuation of the price widening seen across US CLO mezzanine debt in April.

The fund's return in the month was mainly generated by carry with some capital appreciation on BB-rated positions.

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

## Technical Detail

Legal Structure	Luxembourg SICAV Alpha UCITS SICAV
Domicile	Luxembourg
Launch Date	13/09/2016
Fund Size	€264.7m
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
CADOG 6X D	Baa3/-/BBB	€ 8,000,000
APID 2017-26X C	Baa3/-/-	€ 7,500,000
ARESE 8X D	Baa2/BBB/-	€ 6,200,000

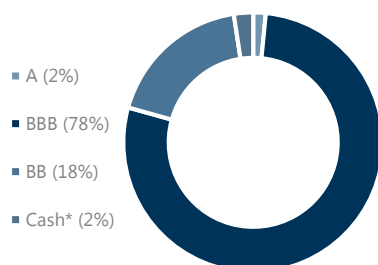
## Portfolio Metrics

No. of positions:	69
Expected average life:	4.4 yrs
Expected yield <sup>3</sup> :	4.4%
Floating rate (%):	100%
Fixed rate (%):	0%
Annualised Return <sup>4</sup> :	5.1%
Annualised Volatility (Daily Returns) <sup>4</sup> :	1.5%
Annualised Volatility (Weekly Returns) <sup>4</sup> :	0.8%

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

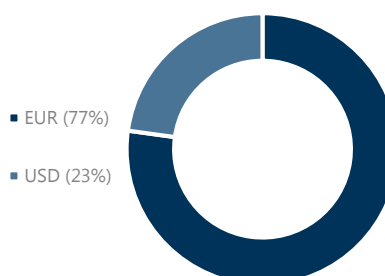
<sup>4</sup> Representative of M EUR Class since inception. Data for other classes available on request

## Rating Breakdown



\*Cash and cash equivalents

## Geographic Breakdown



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67-68 Jermyn Street  
London SW1Y 6NY  
[IR@fairoakscap.com](mailto:IR@fairoakscap.com)

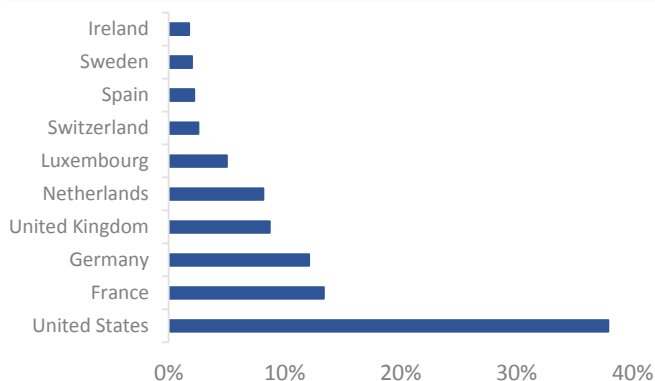
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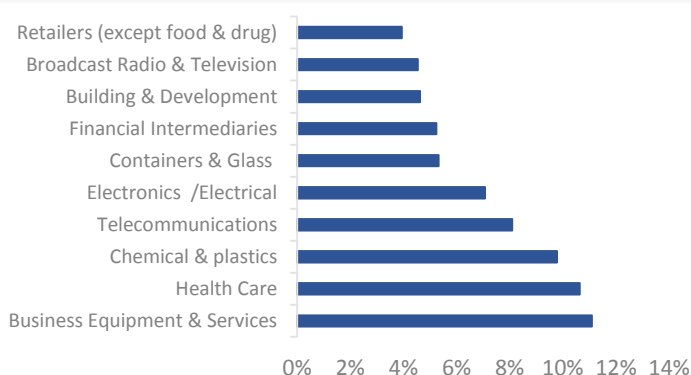


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## Look-Through Geographic Breakdown (Top 10)<sup>1</sup>



## 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 (31-May-17)	Total Return May-17	Total Return 2017 YTD	Total Return ITD (Since class launch)	ISIN	Bloomberg Ticker	SEDOL
Class M GBP	1035.03	0.41%	3.33%	3.50%	LU1344623613	FODCFMG	BD4GKY2
Class M EUR	1033.15	0.34%	3.06%	3.32%	LU1344623373	FODCFME	BD4GCX1
Class E EUR	1030.37	0.31%	2.90%	3.04%	LU1344621674	FODCFEE	BD4GCL9
Class E GBP	1033.61	0.37%	3.18%	3.36%	LU1344621831	FODCFEG	BD4GCN1
Class E USD	1040.85	0.47%	3.55%	4.08%	LU1344621757	FODCFEU	BD4GCM0
Class E CHF	1025.20	0.25%	2.61%	2.52%	LU1344621914	FODCFEC	BD4GCP3
Class N EUR	1029.91	0.31%	2.90%	2.99%	LU1539542248	FODCFNE	BD72S50
Class O EUR	1013.69	0.29%	n.a.	1.37%	LU1570265261	FODCFOE	-
Class P GBP	1003.09	0.31%	n.a.	0.31%	LU1590456338	FODCFPG	-

## 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	2017	ITD
1.06%	0.31%	1.28%	0.03%	0.34%	3.06%	3.32%

Maximum Weekly Return: +1.00%

% Positive or Unchanged Weeks: 68.57%

Largest Weekly Drawdown: -0.20%

Average Weekly Return (Positive or Unchanged Weeks): +0.17%

Average Weekly Return (Negative Weeks): -0.07%



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67-68 Jermyn Street  
London SW1Y 6NY  
[IR@fairoakscap.com](mailto:IR@fairoakscap.com)

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