



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

Fair Oaks Dynamic Credit Fund launched on 13th September 2016 and will close its founder share class at c. €120m in early October. By the end of September, the fund had invested €50m in 15 CLO debt securities of which 89% were rated investment-grade. Attractive investment opportunities were sourced in both the primary (35%) and secondary (65%) markets. European CLOs accounted for 77% of investments, as unusually high secondary market CLO trading volume in Europe presented opportunities and as high swap costs made USD investments relatively less attractive in September. We expect the geographical split of the portfolio to be more balanced over time.

CLO primary issuance was strong in September in both the US and Europe, totalling \$10bn and marking the highest issuance of 2016 to date¹. Issuance was supported by the continued tightening of AAA financing costs, particularly in Europe. Secondary market volumes were also strong, with the US market seeing above-average trading volume while the European market recorded the highest trading volume of the year to date². CLO mezzanine debt recorded modest price gains in the month and generated total returns of 0.4% for US A-rated notes and 1.0% for US BBB-rated notes¹.

Source¹: JP Morgan
Source²: Citi

Top 5 Positions

Deal Name	Rating (M/S/F)	Par Amount
CADOG 6X D	Baa3/-/ BBB	€6,000,000
SNDPT 2015-3A D	Baa3/-/-	\$5,100,000
MDPK 2016-22X D	Baa3/-/-	\$5,000,000
AVOCA 14X C	A2/A/-	€4,086,000
RYEH 1X D	Baa3/-/BBB	€4,000,000

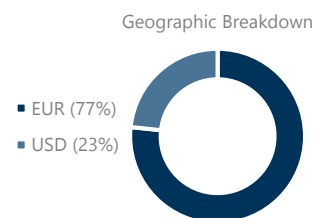
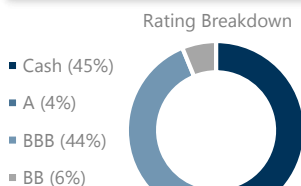
Share Class Performance

	NAV (30-09-16)	Sept-16 (since launch)	2016 YTD	ISIN	SEDOL
Class M GBP	997.49	-0.25%	-0.25%	LU1344623613	BD4GCV2
Class E EUR	999.69	-0.03%	-0.03%	LU1344621674	BD4GCL9
Class E GBP	998.95	-0.11%	-0.11%	LU1344621831	BD4GCN1
Class E USD	999.75	-0.02%	-0.02%	LU1344621757	BD4GCM0
Class E CHF	999.37	-0.06%	-0.06%	LU1344621914	BD4GCP3

Technical Detail

Legal Structure	UCITS
Domicile	Luxembourg
Launch Date	13/09/2016
Fund Size	€91.2m
Dealing	Weekly (Wednesdays)
Valuations	Daily Non-Dealing and Weekly Dealing NAVs
Return Profile	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.

Portfolio Metrics



Investment Metrics:

No. of positions:	15
No. of underlying issuers:	772
Expected average life:	4.3 yrs
Expected yield ³ :	5.1%
Floating rate (%):	100%
Fixed rate (%):	0%

³ Gross expected yield of investments in currency of investment



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Signatory of:



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