



## 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.

## Commentary

The Fund total return was +0.9%<sup>1</sup> (M EUR share class\*) in January, compared with +1.3% for the JP Morgan CLOIE USD BBB Index and +0.0% for the EUR BBB corporate index. The gross yield to expected maturity of the portfolio is 4.0% (4.3% to expected call), offering compelling relative value vs BBB rated European corporate bonds (0.1% yield) or even BB rated European loans (2.9% yield)<sup>2</sup>.

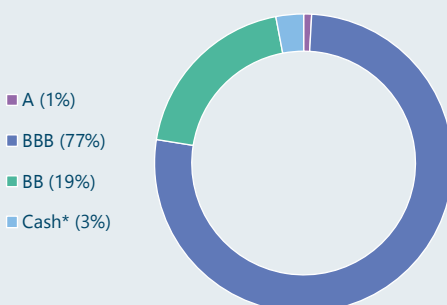
The trailing 12-month loan default rate decreased from 2.6% to 2.1% in Europe and from 3.8% to 3.4% in the US<sup>3</sup>. Distressed ratios (loans trading below 80c, a potential indicator of the direction of future defaults) continued to decrease, from 2.6% to 1.9% in Europe and from 4.3% to 3.7% in the US<sup>4</sup>.

After \$19 billion of net outflows in 2020, US loan funds saw total inflows of \$4 billion in the first four weeks of 2021 through 03-Feb-21<sup>5</sup>. CLO rated notes have the potential to benefit from the investor demand for floating-rate investments which is supporting these inflows given their high running yield, strong diversification and protection against losses in the underlying loan portfolios from junior-ranking equity and debt.

## Top 5 positions<sup>9</sup>

Deal name	Rating (M/S/F)	CLO manager	% of NAV
ARESE 9X D	Baa2/BBB/NR	Ares Management	2.9%
EGLXY 2018-6X D	Baa2/BBB/NR	PineBridge Investments	2.6%
OCPE 2017-2X D	Baa2/BBB/NR	Onex Credit Partners	2.2%
CADOG 5X DR	Baa2/NR/BBB	Credit Suisse	2.1%
OZLME 2X D	Baa2/BBB/NR	Och Ziff	2.0%

## Rating breakdown<sup>9,10</sup>



\*\*Cash and cash equivalents

Please refer to the footnotes the important information on page 3. Past performance is no indication of future results. Inherent in any investment is the potential for loss. \*Class M is the initial share class of the Fund with the longest track record, but is no longer available for new investment.

## Fund facts

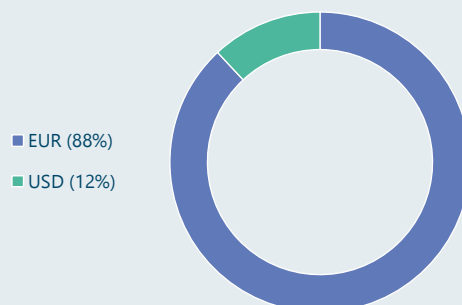
Data as of 29-Jan-21

Legal structure	Luxembourg SICAV-Alpha UCITS SICAV
Domicile	Luxembourg
Launch date	13-Sep-16
Fund size	€449.9m
Dealing	Weekly (Wednesdays)
Valuations	Daily non-dealing and weekly dealing NAVs
Target gross return <sup>9</sup>	Euribor + 5% p.a. (see share class KIDS for TER details <sup>8</sup> )
Base currency	EUR
Investment manager	Fair Oaks Capital Limited ("Fair Oaks")
Management company	MDO Management Company S.A.
Administrator / custodian	RBC Investor Services Bank S.A.
Auditor	Deloitte Audit Sàrl

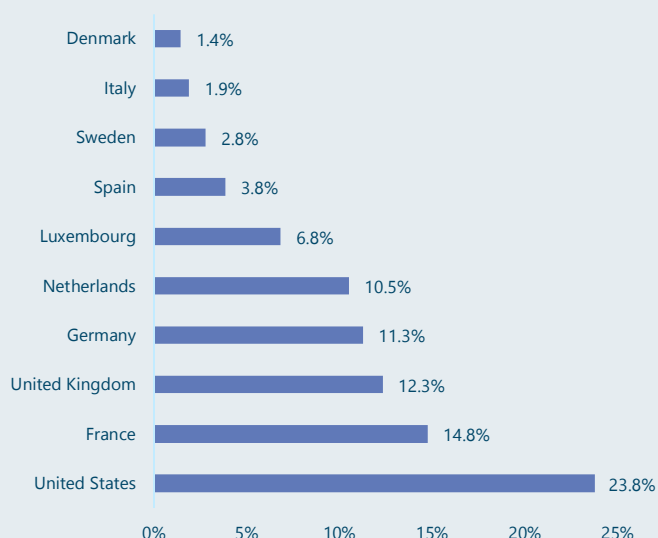
## Portfolio metrics

Number of positions:	90
Yield to maturity <sup>6</sup> : (based on expected average life of 6.0 years)	+4.00%
Yield to expected call <sup>6</sup> : (based on expected average life of 2.7 years)	+4.28%
Floating rate:	100%
Euribor floor (at zero):	100%

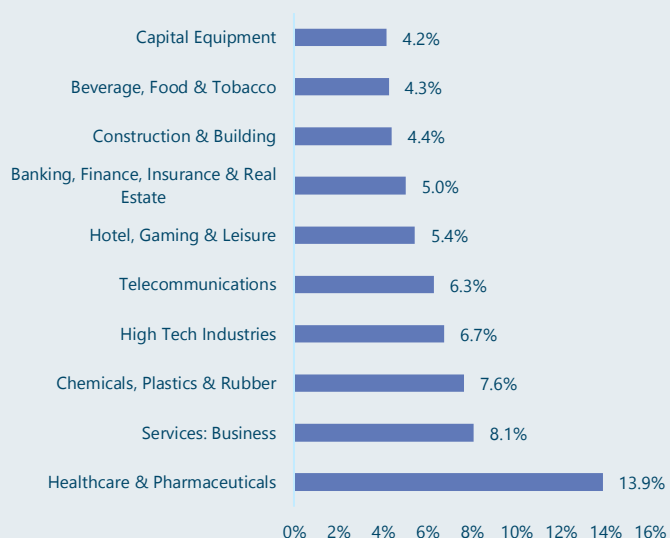
## Currency breakdown<sup>9,10</sup>



### Look-through geographic breakdown (top 10)<sup>7</sup>



### Look-through industry diversification (top 10)<sup>7,11</sup>



### Monthly performance<sup>12</sup>

												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	Nov-18	Dec-18	2018	ITD			
+0.38%	+0.25%	+0.16%	-0.24%	+0.24%	-0.13%	+0.06%	+0.31%	0.00%	+0.12%	-0.51%	-3.07%	-2.46%	+3.54%			
Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	2019	ITD			
+1.55%	-0.07%	+1.29%	+0.93%	+0.74%	-0.32%	0.45%	-0.06%	+0.17%	-0.80%	+0.47%	+0.72%	+5.17%	+8.89%			
Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	2020	ITD			
+1.92%	-1.13%	-27.19%	+6.44%	+16.06%	+4.29%	-1.27%	+2.31%	+0.75%	+0.21%	+3.49%	+0.78%	+0.53%	+9.46%			
Jan-21											2021	ITD				
+0.95%											+0.95%	+10.50%				

Maximum weekly return: +9.51%  
Largest weekly drawdown: -15.16%

% Positive or unchanged weeks: +71.69%  
Average weekly return (positive or unchanged weeks): +0.41%  
Average weekly return (negative weeks): -0.84%

### Contact information:



**FAIR OAKS**  
CAPITAL

1 Albemarle Street  
London W1S 4HA  
[IR@fairoakscap.com](mailto:IR@fairoakscap.com)





## Share class performance<sup>13</sup>

	LAUNCH DATE	ISIN	BLOOMBERG TICKER	NAV (29-Jan-21)	TOTAL RETURN MONTHLY	TOTAL RETURN 2021 YTD	ANNUALISED RETURN (SINCE CLASS LAUNCH)	ANNUALISED DAILY VOLATILITY (SINCE CLASS LAUNCH)
Class M EUR	Oct-16	LU1344623373	FODCFME	1,105.00	+0.95%	+0.95%	<b>+2.34%</b>	<b>10.24%</b>
Class E EUR	Sep-16	LU1344621674	FODCFEE	1,089.61	+0.93%	+0.93%	<b>+1.99%</b>	<b>10.19%</b>
Class L EUR	Nov-18	LU1344622219	FODCFLE	1,021.20	+0.91%	+0.91%	<b>+0.97%</b>	<b>14.43%</b>
Class A EUR	Aug-17	LU1344614893	FODCFAE	1,037.58	+0.82%	+0.82%	<b>+1.07%</b>	<b>11.39%</b>
Class N EUR	Dec-16	LU1539542248	FODCFNE	951.17	+0.93%	+0.93%	<b>+1.92%</b>	<b>10.51%</b>
Class O EUR	Mar-17	LU1570265261	FODCFOE	965.91	+0.91%	+0.91%	<b>+1.53%</b>	<b>10.76%</b>
Class R EUR	Dec-19	LU1892529196	FODCFRE	1,004.41	+0.87%	+0.87%	<b>+0.39%</b>	<b>19.91%</b>
Class R2 EUR	-	LU1892529519	-	-	-	-	-	-
Class S EUR	Sep-19	LU1892528388	FODCFSE	1,011.30	+0.94%	+0.94%	<b>+0.85%</b>	<b>18.36%</b>
Class S2 EUR	-	LU1892528628	-	-	-	-	-	-
Class E GBP	Sep-16	LU1344621831	FODCFEG	1,115.79	+0.94%	+0.94%	<b>+2.55%</b>	<b>10.29%</b>
Class E2 GBP	Jun-17	LU1628743905	FODCE2G	971.42	+0.96%	+0.96%	<b>+2.07%</b>	<b>11.27%</b>
Class L GBP	Nov-19	LU1344622482	FODCFLG	1,019.38	+0.94%	+0.94%	<b>+1.60%</b>	<b>19.38%</b>
Class L2 GBP	Sep-17	LU1683328667	FODCL2G	963.08	+0.94%	+0.94%	<b>+1.70%</b>	<b>11.66%</b>
Class A GBP	Dec-17	LU1344615270	FODCFAG	1,035.62	+0.86%	+0.86%	<b>+1.12%</b>	<b>12.16%</b>
Class P GBP	Apr-17	LU1590456338	FODCFPG	957.23	+0.96%	+0.96%	<b>+2.07%</b>	<b>11.06%</b>
Class E USD	Sep-16	LU1344621757	FODCFEU	1,196.65	+0.98%	+0.98%	<b>+4.21%</b>	<b>10.22%</b>
Class L USD	Feb-20	LU1344622300	FODCFLU	1,003.75	-	-	-	-
Class A USD	Aug-19	LU1344615197	FODCAU	1,039.93	+0.88%	+0.88%	<b>+2.68%</b>	<b>17.44%</b>
Class R USD	Dec-19	LU1892529279	FODCFRU	1,023.68	+0.93%	+0.93%	<b>+2.08%</b>	<b>19.95%</b>
Class R2 USD	-	LU1892529600	-	-	-	-	-	-
Class S USD	Dec-19	LU1892528461	FODCFSU	1,035.34	+1.00%	+1.00%	<b>+3.05%</b>	<b>19.73%</b>
Class S2 USD	-	LU1892528891	-	-	-	-	-	-
Class E CHF	Sep-16	LU1344621914	FODCFEC	1,061.53	+0.88%	+0.88%	<b>+1.38%</b>	<b>10.21%</b>
Class A CHF	Feb-20	LU1344615353	FODCFAC	983.03	-	-	-	-
Class R CHF	Dec-19	LU1892529436	FODCFRC	998.63	+0.83%	+0.83%	<b>-0.12%</b>	<b>19.95%</b>
Class R2 CHF	-	LU1892529782	-	-	-	-	-	-
Class S CHF	Dec-19	LU1892528545	FODCFSC	1,009.55	+0.90%	+0.90%	<b>+0.84%</b>	<b>19.94%</b>
Class S2 CHF	-	LU1892528974	-	-	-	-	-	-
Class D ILS	May-17	LU1577731786	FODCFDS	5,240.11	+0.73%	+0.73%	<b>+1.28%</b>	<b>11.22%</b>
Class Q SEK	Oct-18	LU1886619987	FODCFQS	10,149.63	+0.93%	+0.93%	<b>+0.66%</b>	<b>14.29%</b>

## Footnotes

- (1) Fair Oaks' data. Performance is of M EUR and is net of fees. The M Share Class is the earliest share class with the longest track record (M GBP shares launched Sep-16 and M EUR shares launched in Oct-16) and is no longer available for new investment.
- (2) Source for EUR BBB corporate index JP Morgan (MAGGIE BBB 3-5 year maturity index) value and yield to maturity. Source for loan index: S&P Global Market Intelligence. ELLI BB yield-to-maturity.
- (3) Source: S&P Global Market Intelligence. Euro and US loan index lagging 12-month loan default rate based on Principal Amount.
- (4) Source: S&P Global Market Intelligence.
- (5) Source: S&P Global Market Intelligence.
- (6) Source: Intex. Weighted average yield of portfolio, before Fund fees expenses and currency hedging. Call is assumed one year after the end of each CLO's reinvestment period. Note the expected call timing might be unrealistic for some shorter-dated notes in the current market environment.
- (7) Based on the number of issuers in the underlying bank loan portfolios. This analysis excludes recent purchases that have not settled in the reporting month. Source: Intex. Data as of 31-Dec-20.
- (8) Target gross return is before Fund expenses and management fees. Share class KIID's including TERs are available on Management Company's MDO website (<http://www.mdo-manco.com/en/fund-documents>).
- (9) Based on the current valuation of the assets in the Fund's base currency at month-end.
- (10) Due to rounding errors, the percentages may not sum to 100%. NB. Geographic breakdown of CLO investments excludes cash balance.
- (11) Based on Moody's classification of the loan issuers. This analysis excludes recent purchases that have not settled in the reporting month. Data as of 31-Dec-20.
- (12) Fair Oaks' data. Performance is from the launch of M EUR and is net of fees. The M Share Class is the earliest share class with the longest track record (M GBP shares launched Sep-16 and M EUR shares launched in Oct-16) and is no longer available for new investment.
- (13) NAVs calculated net of fees. Performance information is not yet available for some of the share classes (Class A USD, R EUR, R USD, R CHF, S EUR, S USD and S CHF) as they do not have a full 12-month track record. Share classes R2 and S2 have not launched as of the reporting month.

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## Disclaimer:

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CLASS S AND CLASS R SHARES ARE AVAILABLE TO RETAIL INVESTORS. ALL OTHER SHARE CLASSES AVAILABLE TO INSTITUTIONAL AND WELL-INFORMED INVESTORS. NO OTHER PERSONS SHOULD RELY ON THE INFORMATION CONTAINED WITHIN THIS REPORT.

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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.

## CONTACT INFORMATION:

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FAIR OAKS  
CAPITAL

1 Albemarle Street  
London W1S 4HA  
[IR@fairoakscap.com](mailto:IR@fairoakscap.com)

Signatory of:

