



## 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 returned +0.7%<sup>1</sup> in September, compared with +0.1% for the JP Morgan CLOIE BBB Index. The gross yield to expected call of the portfolio is 5.2%, offering compelling relative value vs. Xover corporate bonds (Euribor+3.2%).

Secondary CLO market volumes (using “bids wanted in competition” as a proxy) in September were high, at \$6.5 billion compared to a monthly average of \$6.1 billion for 2020.

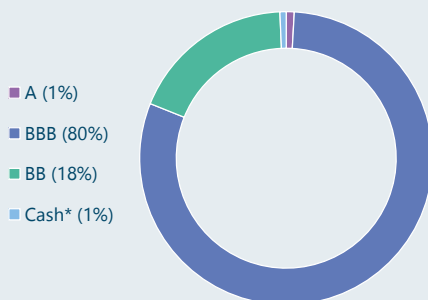
The trailing 12-month loan default rate increased from 2.1% to 2.6% in Europe in September, compared to an increase from 4.1% to 4.2% in the US<sup>3</sup>. Distressed ratios (loans trading below 80c, a potential indicator of the direction of future defaults) continued to decrease, from 7.9% to 6.8% in Europe and from 9.7% to 8.4% in the US<sup>4</sup>.

As of the end of September, 13% of US CLOs were failing an over-collateralisation test, down from 17% in May while in Europe, only 1% of CLOs are failing. All the investments that the Fund holds are currently passing all of their over-collateralisation tests<sup>5</sup>.

## 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	2.5%
ARMDA 3X D	Baa3/NR/BBB-	Brigade Capital Management	2.2%
BELCO 6X D	Baa3/NR/BBB-	Blackrock	2.2%
OCPE 2017-2X D	Baa2/BBB/NR	Onex Credit Partners	2.1%

## 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.

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## Fund facts

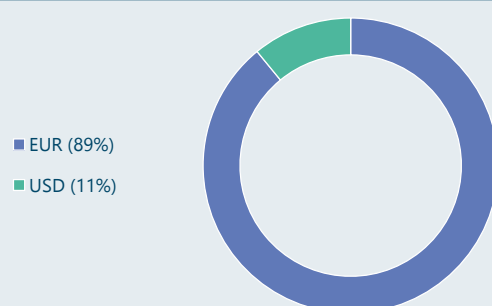
Data as of 30-Sep-20

Legal structure	Luxembourg SICAV-Alpha UCITS SICAV
Domicile	Luxembourg
Launch date	13-Sep-16
Fund size	€443.4 m
Dealing	Daily
Valuations	Daily dealing NAVs
Target gross return <sup>8</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

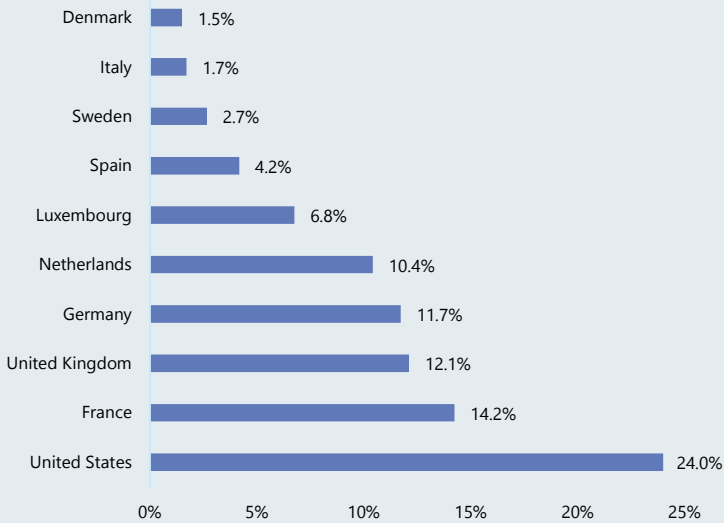
Number of positions:	94
Yield to maturity <sup>6</sup> : (based on expected average life of 6.2 years)	+4.42%
Yield to expected call <sup>6</sup> : (based on expected average life of 3.0 years)	+5.18%
Floating rate:	100%
Euribor floor (at zero):	100%

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

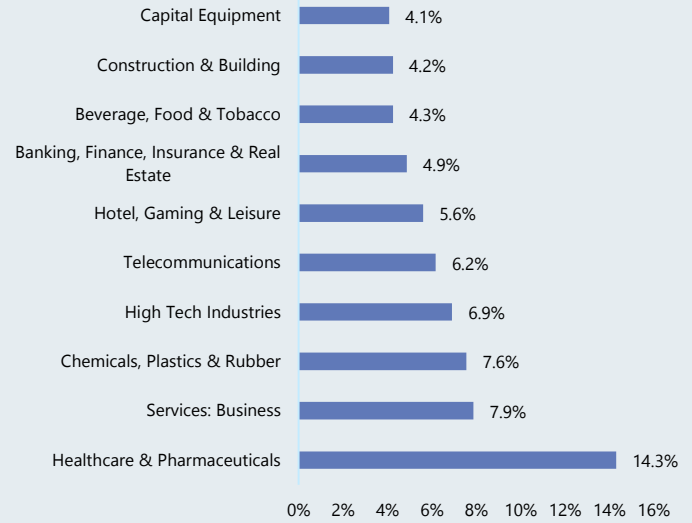




### Look-through geographic breakdown (top 10)<sup>7</sup>



### 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					2020	ITD		
+1.92%	-1.13%	-27.19%	+6.44%	+16.06%	+4.29%	-1.27%	+2.31%	+0.75%					-3.81%	+4.74%		

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

% Positive or unchanged weeks: +69.80%  
Average weekly return (positive or unchanged weeks): +0.42%  
Average weekly return (negative weeks): -0.84%

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## Share class performance<sup>1,3</sup>

	LAUNCH DATE	ISIN	BLOOMBERG TICKER	NAV (30-Sep-20)	TOTAL RETURN MONTHLY	TOTAL RETURN 2020 YTD	ANNUALISED RETURN (SINCE CLASS LAUNCH)	ANNUALISED DAILY VOLATILITY (SINCE CLASS LAUNCH)
Class M EUR	Oct-16	LU1344623373	FODCFME	1,047.42	+0.75%	-3.81%	<b>+1.17%</b>	<b>10.60%</b>
Class E EUR	Sep-16	LU1344621674	FODCFEE	1,033.87	+0.72%	-4.04%	<b>+0.83%</b>	<b>10.55%</b>
Class L EUR	Nov-18	LU1344622219	FODCFLE	969.76	+0.69%	-4.22%	<b>-1.66%</b>	<b>15.62%</b>
Class A EUR	Aug-17	LU1344614893	FODCFAE	986.16	+0.69%	-4.22%	<b>-0.44%</b>	<b>11.92%</b>
Class N EUR	Dec-16	LU1539542248	FODCFNE	909.05	+0.72%	-4.07%	<b>+0.92%</b>	<b>10.90%</b>
Class O EUR	Mar-17	LU1570265261	FODCFOE	917.29	+0.69%	-4.30%	<b>-1.28%</b>	<b>11.20%</b>
Class R EUR	Dec-19	LU1892529196	FODCFRE	956.43	-	-	-	-
Class R2 EUR	-	LU1892529519	-	-	-	-	-	-
Class S EUR	Sep-19	LU1892528388	FODCFSE	960.09	+0.69%	-3.99%	<b>-4.02%</b>	<b>21.19%</b>
Class S2 EUR	-	LU1892528628	-	-	-	-	-	-
Class E GBP	Sep-16	LU1344621831	FODCFEG	1,058.62	+0.75%	-4.27%	<b>+1.43%</b>	<b>10.65%</b>
Class E2 GBP	Jun-17	LU1628743905	FODCE2G	926.89	+0.75%	-4.54%	<b>+0.62%</b>	<b>11.77%</b>
Class L GBP	Nov-19	LU1344622482	FODCFLG	966.51	-	-	-	-
Class L2 GBP	Sep-17	LU1683328667	FODCL2G	925.24	+0.72%	-4.61%	<b>+0.12%</b>	<b>12.23%</b>
Class A GBP	Dec-17	LU1344615270	FODCFAG	982.40	+0.73%	-4.34%	<b>-0.63%</b>	<b>12.81%</b>
Class P GBP	Apr-17	LU1590456338	FODCFPG	919.91	+0.72%	-4.48%	<b>+0.68%</b>	<b>11.53%</b>
Class E USD	Sep-16	LU1344621757	FODCFEU	1,132.26	+0.75%	-2.56%	<b>+3.13%</b>	<b>10.57%</b>
Class L USD	Feb-20	LU1344622300	FODCFLU	950.61	-	-	-	-
Class A USD	Aug-19	LU1344615197	FODCAU	985.70	+0.73%	-1.43%	<b>-1.25%</b>	<b>19.78%</b>
Class R USD	Dec-19	LU1892529279	FODCFRU	972.05	-	-	-	-
Class R2 USD	-	LU1892529600	-	-	-	-	-	-
Class S USD	Dec-19	LU1892528461	FODCFSU	980.03	-	-	-	-
Class S2 USD	-	LU1892528891	-	-	-	-	-	-
Class E CHF	Sep-16	LU1344621914	FODCFEC	1,008.61	+0.68%	-4.48%	<b>+0.21%</b>	<b>10.56%</b>
Class A CHF	Feb-20	LU1344615353	-	934.78	-	-	-	-
Class R CHF	Dec-19	LU1892529436	FODCFRC	952.34	-	-	-	-
Class R2 CHF	-	LU1892529782	-	-	-	-	-	-
Class S CHF	Dec-19	LU1892528545	FODCFSC	959.65	-	-	-	-
Class S2 CHF	-	LU1892528974	-	-	-	-	-	-
Class D ILS	May-17	LU1577731786	FODCFDS	4,984.51	+0.64%	-3.80%	<b>-0.09%</b>	<b>11.71%</b>
Class Q SEK	Oct-18	LU1886619987	FODCFQS	9,629.91	+0.72%	-4.32%	<b>-1.95%</b>	<b>15.43%</b>

## Footnotes

- (1) Average performance of the EUR share classes, weighted by closing number of shares as of 30-Sep-20. This excludes share classes with less than one year performance.
- (2) Source: Citivelocity
- (3) Euro vs. US loan index lagging 12-month loan default rate based on Principal Amount. Source: S&P Global Market Intelligence
- (4) Source: S&P Global Market Intelligence based on number of ELLI issuers.
- (5) Source: Wells Fargo – CLO: This week down in the OC – 01-Oct-20
- (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 30-Sep-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 30-Sep-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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