



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 +0.7%¹ (M EUR share class*) in April, compared with +0.7% for the JP Morgan CLOIE USD BBB Index and +0.2% for the EUR BBB corporate index. The gross yield to expected maturity of the portfolio is 4.2% (4.6% to expected call), offering compelling relative value vs BBB rated European corporate bonds (0.1% yield)² or even BB rated European loans (2.9% yield)³.

The trailing 12-month loan default rate fell in April from 3.2% to 2.6% in the US and from 2.0% to 1.8% in Europe⁴. Part of the reduction in the default rate was due to the large number of defaults, which took place in April 2020, which have now "rolled off" the twelve-month calculation. The default outlook for bank loans continues to be supportive, with the distressed ratio (loans trading below 80c, a potential indicator of the direction of future defaults) stable at 1.1% in the US and falling from 1.6% to 1.5% in Europe⁴.

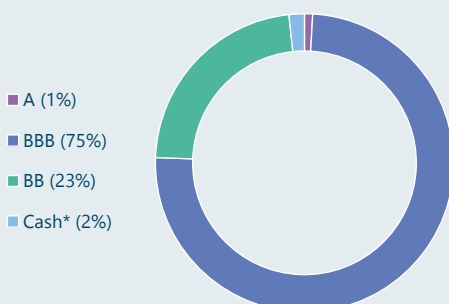
Tight AAA CLO financing levels and a very active CLO primary and refinancing market generated large supply of CLO mezzanine in March and April. US and European BBB CLO primary spreads widened from Libor+3.4% and Euribor+3.2% in late February/early March to Libor+3.8% and Euribor+3.5% in early April⁵. After the initial imbalance, demand for CLO mezzanine, particularly primary transactions backed by clean portfolios, increased and primary BBB CLO spreads recovered to Libor+3.4% and Euribor+3.3% at the end of April.

We continue to expect to see investor demand for CLO rated notes given their strong relative value, the current market environment of lower loan defaults, improving economic fundamentals and uncertainty about the direction of interest rates.

Top 5 positions⁹

Deal name	Rating (M/S/F)	CLO manager	% of NAV
ARESE 9X D	Baa2/BBB/NR	Ares Management	3.0%
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 DRR	Baa2/NR/BBB	Credit Suisse	2.1%
OZLME 2X D	Baa2/NR/BBB	Sculptor Capital	2.1%

Rating breakdown^{9,10}



**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

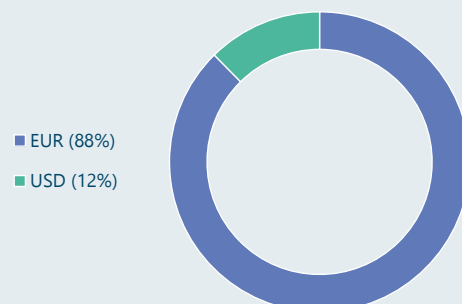
Data as of 30-Apr-21

Legal structure	Luxembourg SICAV-Alpha UCITS SICAV
Domicile	Luxembourg
Launch date	13-Sep-16
Fund size	€436.9m
Dealing	Weekly (Wednesdays)
Valuations	Daily non-dealing and weekly dealing NAVs
Target gross return ⁹	Euribor + 5% p.a. (see share class KIDS for TER details ⁸)
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

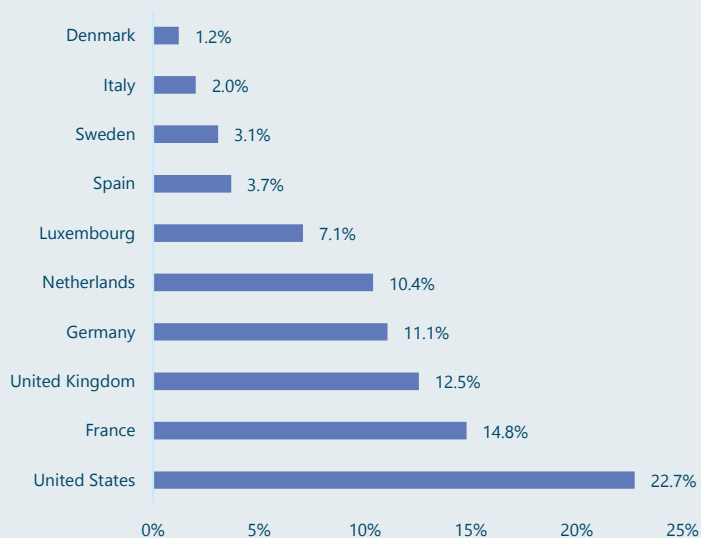
Number of positions:	87
Yield to maturity ⁶ : (based on expected average life of 6.0 years)	+4.20%
Yield to expected call ⁶ : (based on expected average life of 2.6 years)	+4.55%
Floating rate:	100%
Euribor floor (at zero):	100%

Currency breakdown^{9,10}

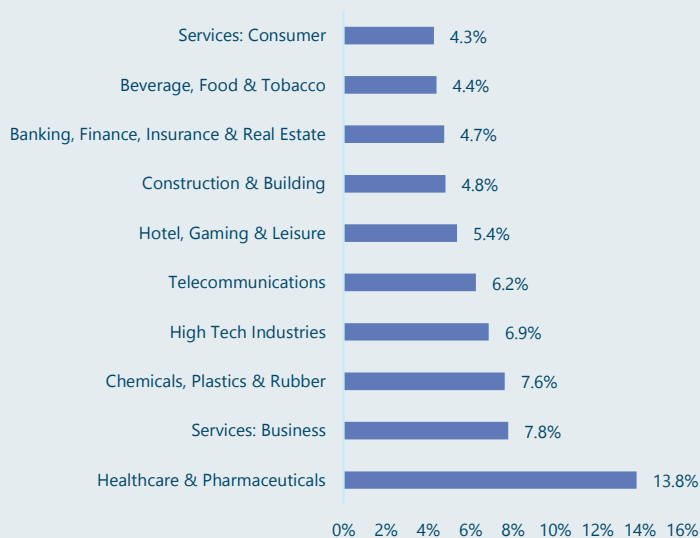




Look-through geographic breakdown (top 10)⁷



Look-through industry diversification (top 10)^{7,11}



Monthly performance¹²

												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	Feb-21	Mar-21	Apr-21									2021	ITD			
+0.95%	-0.15%	-0.03%	+0.67%									+1.45%	+11.04%			

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

% Positive or unchanged weeks: +71.12%
Average weekly return (positive or unchanged weeks): +0.40%
Average weekly return (negative weeks): -0.78%

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Share class performance^{1,3}

	LAUNCH DATE	ISIN	BLOOMBERG TICKER	NAV (30-Apr-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	1,110.44	+0.67%	+1.45%	+2.32%	9.96%
Class E EUR	Sep-16	LU1344621674	FODCFEE	1,094.26	+0.65%	+1.36%	+1.98%	9.91%
Class L EUR	Nov-18	LU1344622219	FODCFLE	1,024.91	+0.63%	+1.28%	+1.02%	13.66%
Class A EUR	Aug-17	LU1344614893	FODCFAE	1,040.97	+0.57%	+1.15%	+1.08%	11.00%
Class N EUR	Dec-16	LU1539542248	FODCFNE	948.83	+0.65%	+1.36%	+1.91%	10.20%
Class O EUR	Mar-17	LU1570265261	FODCFOE	969.42	+0.63%	+1.28%	+1.53%	10.43%
Class R EUR	Dec-19	LU1892529196	FODCFRE	1,005.74	+0.55%	+1.01%	+0.41%	17.99%
Class R2 EUR	-	LU1892529519	-	-	-	-	-	-
Class S EUR	Sep-19	LU1892528388	FODCFSE	1,014.90	+0.63%	+1.30%	+0.94%	16.83%
Class S2 EUR	-	LU1892528628	-	-	-	-	-	-
Class E GBP	Sep-16	LU1344621831	FODCFEG	1,122.40	+0.69%	+1.54%	+2.54%	10.00%
Class E2 GBP	Jun-17	LU1628743905	FODCE2G	969.46	+0.69%	+1.45%	+2.06%	10.90%
Class L GBP	Nov-19	LU1344622482	FODCF LG	1,024.20	+0.67%	+1.42%	+1.65%	17.63%
Class L2 GBP	Sep-17	LU1683328667	FODCL2G	961.95	+0.67%	+1.41%	+1.71%	11.25%
Class A GBP	Dec-17	LU1344615270	FODCFAG	1,040.35	+0.62%	+1.32%	+1.18%	11.70%
Class P GBP	Apr-17	LU1590456338	FODCFPG	956.09	+0.67%	+1.46%	+2.06%	10.71%
Class E USD	Sep-16	LU1344621757	FODCFEU	1,203.76	+0.70%	+1.58%	+4.11%	9.94%
Class L USD	Feb-20	LU1344622300	FODCF LU	1,009.07	+0.69%	+1.50%	+0.74%	17.48%
Class A USD	Aug-19	LU1344615197	FODCF AU	1,044.97	+0.62%	+1.36%	+2.58%	16.11%
Class R USD	Dec-19	LU1892529279	FODCF RU	1,026.54	+0.60%	+1.21%	+1.91%	18.03%
Class R2 USD	-	LU1892529600	-	-	-	-	-	-
Class S USD	Dec-19	LU1892528461	FODCF SU	1,040.69	+0.68%	+1.52%	+2.88%	17.87%
Class S2 USD	-	LU1892528891	-	-	-	-	-	-
Class E CHF	Sep-16	LU1344621914	FODCF EC	1,065.19	+0.62%	+1.23%	+1.38%	9.93%
Class A CHF	Feb-20	LU1344615353	FODCF AC	985.81	+0.60%	+1.15%	-1.17%	17.48%
Class R CHF	Dec-19	LU1892529436	FODCF RC	999.07	+0.52%	+0.87%	-0.07%	18.03%
Class R2 CHF	-	LU1892529782	-	-	-	-	-	-
Class S CHF	Dec-19	LU1892528545	FODCF SC	1,012.42	+0.60%	+1.19%	+0.89%	18.02%
Class S2 CHF	-	LU1892528974	-	-	-	-	-	-
Class D ILS	May-17	LU1577731786	FODCF DS	5,254.42	+0.59%	+1.01%	+1.27%	10.85%
Class Q SEK	Oct-18	LU1886619987	FODCF QS	10,193.16	+0.66%	+1.37%	+0.77%	13.55%

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: JP Morgan - EUR BBB corporate index (3-5 year maturity)
- (3) Source: S&P Global Market Intelligence.
- (4) Source: S&P Global Market Intelligence. Euro and US loan index lagging 12-month loan default rate based on Principal Amount.
- (5) Source: JP Morgan - Primary CLO spreads.
- (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-Apr-21.
- (8) Target gross return is before Fund expenses and management fees. Share class KIDs 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-Apr-21.
- (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:

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.

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