



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 +0.5%¹ (M EUR share class*) in July, compared with +0.4% for the J.P. Morgan CLOIE USD BBB Index and +0.7% for the EUR BBB corporate index. The Fund's year-to-date return is +2.7%, compared with +3.4% for the JP Morgan CLOIE USD BBB Index and +1.0% for the EUR BBB corporate index.

The gross yield to expected maturity of the portfolio remained unchanged at 4.3% in July while the yield of BBB rated European corporate bonds decreased marginally from 0.1% to 0.0%² and the yield for BB rated European loans remained unchanged at 2.9%³ in the same period.

The trailing 12-month loan default rate fell in July from 1.2% to 0.6% in the US and from 1.1% to 1.0% in Europe³. The distressed ratio (loans trading below 80c, a potential indicator of the direction of future defaults) increased from 1.0% to 1.1% in the US and from 0.9% to 1.2% in Europe³.

New issue CLO volumes continue to be strong with \$10.1 billion and €4.8 billion worth of new issues priced in July, compared to \$10.0 billion and €2.6 billion in the same month in 2020. Year to date, new issue volumes have reached \$93.4 billion and €23.9 billion, compared to \$46.1 billion and €14.1 billion in the same period in 2020³.

AAA CLO new issue levels were unchanged in July in the US (Libor+1.18%) and wider in Europe (Euribor+1.01% compared to Euribor+0.93% in June). New issue BBB CLO spreads were unchanged at Libor+3.33% in July in the US and increased from Euribor+3.23% to Euribor+3.28% in Europe⁴.

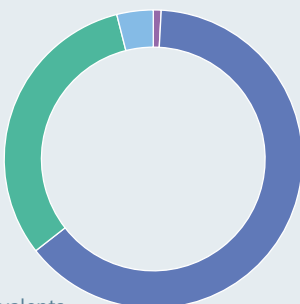
We continue to believe that the Fund's strategy is more compelling for investors than other credit investments given the fundamental resilience of BBB and BB CLO notes (0.9% and 3.4% cumulative default rate over 10 years⁵), the constructive fundamental environment for the underlying loan portfolios, CLO notes' floating rate nature and the very attractive carry.

Top 5 positions⁹

Deal name	Rating (M/S/F)	CLO manager	% of NAV
MDPKE 17X D	Baa3/NR/BBB	CSAM	3.7%
ARESE 9X D	Baa2/BBB/NR	Ares Management	2.7%
TIKEH 2015-1X DRR	Baa3/NR/BBB-	Tikehau Capital	2.4%
EGLXY 2018-6X D	Baa2/BBB/NR	PineBridge Investments	2.4%
OCPE 2017-2X D	Baa2/BBB/NR	Onex Credit Partners	2.0%

Rating breakdown^{9,10}

- A (1%)
- BBB (64%)
- BB (32%)
- Cash* (4%)



**Cash and cash equivalents

Fund facts

Data as of 30-Jul-21

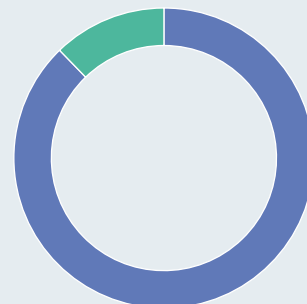
Legal structure	Luxembourg SICAV-Alpha UCITS SICAV
Domicile	Luxembourg
Launch date	13-Sep-16
Fund size	€481.0m
Dealing	Weekly (Wednesdays)
Valuations	Daily non-dealing and weekly dealing NAVs
Target gross return ⁸	Euribor + 5% p.a. (see share class KIDS for TER details)
Base currency	EUR
Investment manager	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:	92
Yield to maturity ⁶ : (based on expected average life of 5.9 years)	+4.26%
Yield to expected call ⁶ : (based on expected average life of 2.3 years)	+4.68%
Floating rate:	100%
Euribor floor (at zero):	100%

Currency breakdown^{9,10}

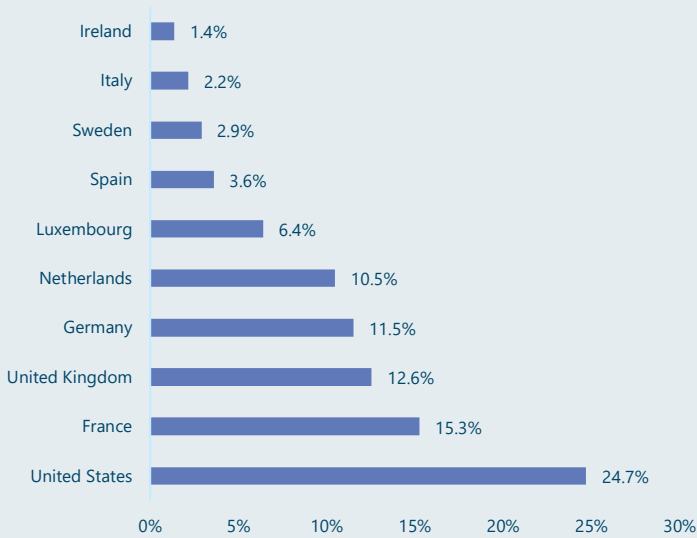
- EUR (88%)
- USD (12%)



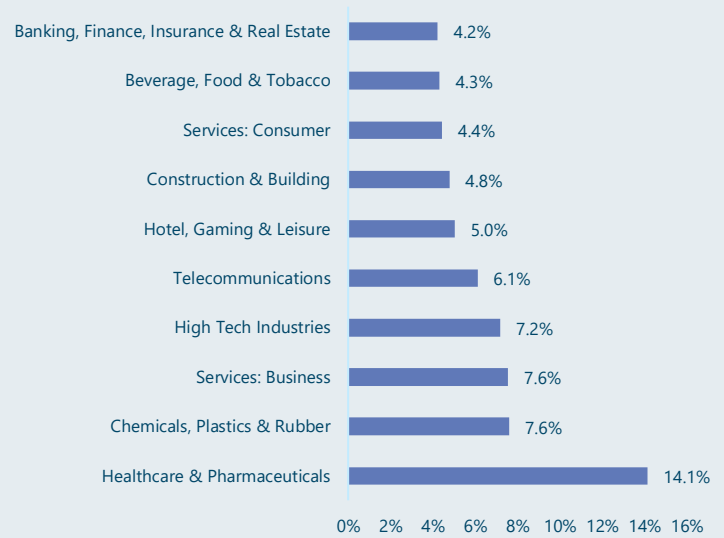
Please refer to the footnotes the important information on page 3. Past performance is no indication of future results. Inherent in any investment is the potential for loss. *Class M is the initial share class of the Fund with the longest track record, but is no longer available for new investment.



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	May-21	Jun-21	Jul-21						2021	ITD	
+0.95%	-0.15%	-0.03%	+0.67%	+0.37%	+0.38%	+0.49%						+2.72%	+12.44%	
Maximum weekly return:				+9.51%				% Positive or unchanged weeks:				+72.13%		
Largest weekly drawdown:				-15.16%				Average weekly return (positive or unchanged weeks):				+0.38%		
								Average weekly return (negative weeks):				-0.77%		

Contact information:





Share class performance¹³

	LAUNCH DATE	ISIN	BLOOMBERG TICKER	NAV (30-Jul-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	1,124.36	+0.49%	+2.72%	+2.46%	9.79%
Class E EUR	Sep-16	LU1344621674	FODCFEE	1,107.07	+0.47%	+2.55%	+2.12%	9.75%
Class L EUR	Nov-18	LU1344622219	FODCFLE	1,036.26	+0.44%	+2.40%	+1.34%	13.02%
Class A EUR	Aug-17	LU1344614893	FODCFAE	1,051.33	+0.40%	+2.16%	+1.27%	10.66%
Class N EUR	Dec-16	LU1539542248	FODCFNE	953.36	+0.47%	+2.53%	+2.06%	9.93%
Class O EUR	Mar-17	LU1570265261	FODCFOE	955.78	+0.44%	+2.39%	+1.70%	10.14%
Class R EUR	Dec-19	LU1892529196	FODCFRE	1,014.45	+0.37%	+1.88%	+0.88%	16.60%
Class R2 EUR	-	LU1892529519	-	-	-	-	-	-
Class S EUR	Sep-19	LU1892528388	FODCFSE	1,026.03	+0.44%	+2.41%	+1.42%	15.67%
Class S2 EUR	-	LU1892528628	-	-	-	-	-	-
Class E GBP	Sep-16	LU1344621831	FODCFEG	1,136.88	+0.51%	+2.85%	+2.68%	9.84%
Class E2 GBP	Jun-17	LU1628743905	FODCE2G	975.46	+0.51%	+2.75%	+2.25%	10.58%
Class L GBP	Nov-19	LU1344622482	FODCFLG	1,036.77	+0.49%	+2.67%	+2.13%	16.33%
Class L2 GBP	Sep-17	LU1683328667	FODCL2G	967.57	+0.48%	+2.64%	+1.92%	10.89%
Class A GBP	Dec-17	LU1344615270	FODCFAG	1,052.08	+0.45%	+2.47%	+1.41%	11.30%
Class E USD	Sep-16	LU1344621757	FODCFEU	1,219.58	+0.52%	+2.92%	+4.17%	9.78%
Class L USD	Feb-20	LU1344622300	FODCFLU	1,021.75	+0.50%	+2.77%	+1.46%	16.20%
Class A USD	Aug-19	LU1344615197	FODCAU	1,056.88	+0.45%	+2.52%	+2.84%	15.09%
Class R USD	Dec-19	LU1892529279	FODCFRU	1,037.00	+0.42%	+2.24%	+2.25%	16.63%
Class R2 USD	-	LU1892529600	-	-	-	-	-	-
Class S USD	Dec-19	LU1892528461	FODCFSU	1,053.67	+0.50%	+2.79%	+3.21%	16.50%
Class S2 USD	-	LU1892528891	-	-	-	-	-	-
Class E CHF	Sep-16	LU1344621914	FODCFEC	1,076.58	+0.43%	+2.32%	+1.53%	9.77%
Class A CHF	Feb-20	LU1344615353	FODCFAC	995.73	+0.41%	+2.17%	-0.29%	16.20%
Class R CHF	Dec-19	LU1892529436	FODCFRC	1,006.86	+0.33%	+1.66%	+0.42%	16.63%
Class R2 CHF	-	LU1892529782	-	-	-	-	-	-
Class S CHF	Dec-19	LU1892528545	FODCFSC	1,022.63	+0.41%	+2.21%	+1.38%	16.63%
Class S2 CHF	-	LU1892528974	-	-	-	-	-	-
Class D ILS	May-17	LU1577731786	FODCFDS	5,306.75	+0.40%	+2.01%	+1.43%	10.53%
Class Q SEK	Oct-18	LU1886619987	FODCFQS	10,313.39	+0.47%	+2.56%	+1.13%	12.94%

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. Euro and US loan index lagging 12-month loan default rate based on Principal Amount.
- (4) Source: JP Morgan – Primary CLO spreads.
- (5) Source: S&P Global Market Intelligence. 2018 Annual Global Leveraged Loan CLO Default and Rating Transition Study.
- (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 par value of loans to 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-Jul-21.
- (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%. Currency 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-Jul-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. Share classes R2 and S2 have not launched as of the reporting month.

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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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