



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 +0.4%¹ (M EUR share class*) in October, in line with the +0.4% return for the J.P. Morgan CLOIE USD BBB Index and outperforming the EUR BBB Corporate Index (-0.8%). The Fund's year-to-date return is +3.4%, compared with +4.4% for the JP Morgan CLOIE USD BBB Index and -0.3% for the EUR BBB Corporate Index.

The gross yield to expected maturity of the portfolio was unchanged at 4.4% in October while the yield of BBB rated European corporate bonds increased by 22 bps to 0.36%² and the yield for BB rated European loans remained unchanged at 3.0%³ in the same period.

The trailing 12-month loan default rate continued to fall in October from 0.44% to 0.35% in the US (lowest level since August 2011) and from 0.85% to 0.75% in Europe³. The distressed ratio (loans trading below 80c, a potential indicator of the direction of future defaults) decreased from 0.72% to 0.70% in the US and increased marginally from 1.17% to 1.18% in Europe⁴.

New issue CLO volumes continue to be strong with \$19.2 billion worth of new issues in the US and €5.5 billion in Europe in October. Year-to-date, new issue volumes have reached \$149.8 billion and €31.1 billion, compared to \$75.4 billion and €18.7 billion in the same period in 2020⁴.

Despite the record-breaking new issue volumes, AAA CLO primary spreads were unchanged in the US (Libor+1.19%) and 1.5 bps tighter in Europe (Euribor+0.99%). New issue BBB CLO spreads were unchanged in October in the US (Libor+3.28%) and widened from Euribor+3.18% to Euribor+3.37% in Europe⁵. The wider European CLO BBB average is partly the result of a wide dispersion in pricings. Excluding resets and refinancings, the spread of new issue BBB CLO European notes ranged from Euribor+3.00% to Euribor+3.40%, with a median of Euribor+3.20%.

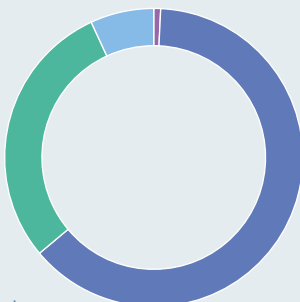
Large primary issuance in 2020 has been a consequence of two factors. First, the attractive CLO equity arbitrage driven by stable loan spreads (the spread of BB rated loans is unchanged in 2021¹) and tightening AAA CLO spreads (which have fallen from Libor+1.32% and Euribor+1.06% at the end of 2020 to Libor+1.18% and Euribor+0.99% at the end of October) which represent the majority of the CLO financing structure. An attractive CLO equity arbitrage is likely to support new issuance in 2021 and 2022. The second factor is the transition from Libor to SOFR on January 1st, which has encouraged CLO managers and CLO equity investors to bring new issue pricings forward to 2021 to retain optionality throughout the transition process. This second factor has the potential to reduce primary issuance in early 2022, which combined with ongoing demand supported by relative value could be favourable for CLO BBB and BB spreads.

Top 5 positions⁹

Deal name	Rating (M/S/F)	CLO manager	% of NAV
MDPKE 17X D	Baa3/NR/BBB	CSAM	3.3%
ARESE 9X D	Baa2/BBB/NR	Ares Management	2.5%
TIKEH 2015-1X DRR	Baa3/NR/BBB-	Tikehau Capital	2.2%
EGLXY 2018-6X D	Baa2/BBB/NR	PineBridge Investments	2.2%
OCPE 2017-2X D	Baa2/BBB/NR	Onex Credit Partners	1.9%

Rating breakdown^{9,10}

- A (1%)
- BBB (63%)
- BB (29%)
- Cash* (7%)



**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-Oct-21

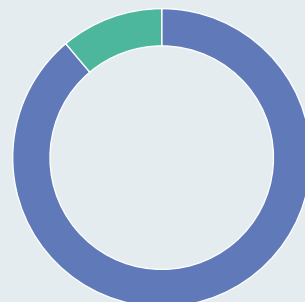
Legal structure	Luxembourg SICAV-Alpha UCITS SICAV
Domicile	Luxembourg
Launch date	13-Sep-16
Fund size	€529.9m
Dealing	Weekly (Wednesdays)
Valuations	Daily non-dealing and weekly dealing NAVs
Target gross return ⁸	Euribor + 5% p.a. (see share class KIDS for TER details)
Base currency	EUR
Investment manager	Fair Oaks Capital Limited ("Fair Oaks")
Management company	Waystone Management Company S.A.
Administrator / custodian	RBC Investor Services Bank S.A.
Auditor	Deloitte Audit Sàrl

Portfolio metrics

Number of positions:	101
Yield to maturity ⁶ : (based on expected average life of 6.1 years)	+4.4%
Yield to expected call ⁶ : (based on expected average life of 2.6 years)	+4.7%
Floating rate:	100%
Euribor floor (at zero):	100%

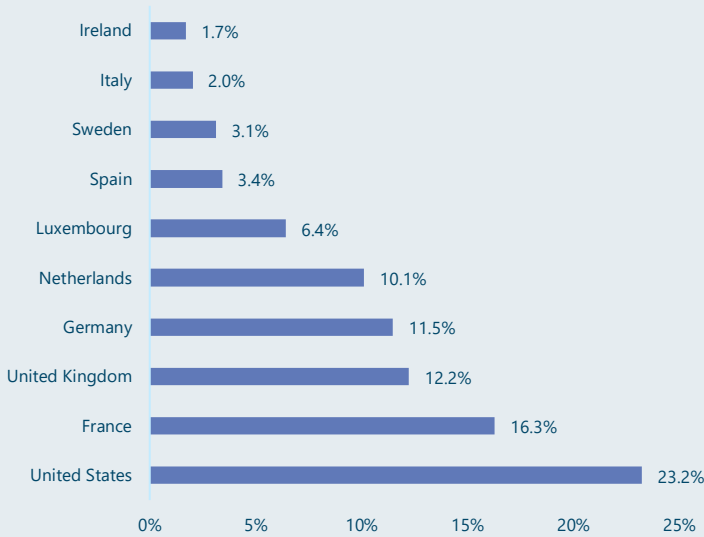
Currency breakdown^{9,10}

- EUR (89%)
- USD (11%)





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	Aug-21	Sep-21	Oct-21			2021	ITD			
+0.95%	-0.15%	-0.03%	+0.67%	+0.37%	+0.38%	+0.49%	+0.15%	+0.06%	+0.40%			+3.35%	+13.13%			
Maximum weekly return:				+9.51%				% Positive or unchanged weeks:				+72.37%				
Largest weekly drawdown:				-15.16%				Average weekly return (positive or unchanged weeks):				+0.36%				
								Average weekly return (negative weeks):				-0.74%				

Contact information:





Share class performance¹³

	LAUNCH DATE	ISIN	BLOOMBERG TICKER	NAV (29-Oct-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	1,131.31	+0.40%	+3.35%	+2.47%	9.45%
Class E EUR	Sep-16	LU1344621674	FODCFEE	1,113.04	+0.38%	+3.10%	+2.12%	9.42%
Class L EUR	Nov-18	LU1344622219	FODCFLE	1,041.21	+0.36%	+2.89%	+1.39%	12.44%
Class A EUR	Aug-17	LU1344614893	FODCFAE	1,055.85	+0.33%	+2.60%	+1.30%	10.33%
Class N EUR	Dec-16	LU1539542248	FODCFNE	949.62	+0.38%	+3.07%	+2.22%	9.67%
Class O EUR	Mar-17	LU1570265261	FODCFOE	960.35	+0.36%	+2.87%	+1.71%	9.93%
Class R EUR	Dec-19	LU1892529196	FODCFRE	1,016.76	+0.28%	+2.11%	+0.89%	15.42%
Class R2 EUR	-	LU1892529519	-	-	-	-	-	-
Class S EUR	Sep-19	LU1892528388	FODCFSE	1,030.80	+0.36%	+2.89%	+1.47%	14.67%
Class S2 EUR	-	LU1892528628	-	-	-	-	-	-
Class E GBP	Sep-16	LU1344621831	FODCFEG	1,144.32	+0.41%	+3.52%	+2.68%	9.51%
Class E2 GBP	Jun-17	LU1628743905	FODCE2G	975.14	+0.42%	+3.40%	+2.27%	10.26%
Class L GBP	Nov-19	LU1344622482	FODCFLG	1,042.90	+0.39%	+3.27%	+2.17%	15.22%
Class L2 GBP	Sep-17	LU1683328667	FODCL2G	967.52	+0.40%	+3.24%	+1.95%	10.55%
Class A GBP	Dec-17	LU1344615270	FODCFAG	1,057.86	+0.36%	+3.03%	+1.46%	10.91%
Class T GBP	Jul-21	LU2349357983	FODCFTG	1,007.98	-	-	-	-
Class E USD	Sep-16	LU1344621757	FODCFEU	1,227.81	+0.42%	+3.61%	+4.10%	9.44%
Class L USD	Feb-20	LU1344622300	FODCFLU	1,028.03	+0.40%	+3.41%	+1.61%	15.10%
Class A USD	Aug-19	LU1344615197	FODCFAU	1,062.72	+0.36%	+3.09%	+2.77%	14.19%
Class R USD	Dec-19	LU1892529279	FODCFRU	1,040.67	+0.31%	+2.60%	+2.14%	15.45%
Class R2 USD	-	LU1892529600	-	-	-	-	-	-
Class S USD	Dec-19	LU1892528461	FODCFSU	1,059.96	+0.39%	+3.40%	+3.11%	15.35%
Class S2 USD	-	LU1892528891	-	-	-	-	-	-
Class E CHF	Sep-16	LU1344621914	FODCFEC	1,081.50	+0.36%	+2.78%	+1.55%	9.43%
Class A CHF	Feb-20	LU1344615353	FODCFAC	999.61	+0.33%	+2.57%	-0.02%	15.10%
Class R CHF	Dec-19	LU1892529436	FODCFRC	1,008.40	+0.26%	+1.82%	+0.45%	15.45%
Class R2 CHF	-	LU1892529782	-	-	-	-	-	-
Class S CHF	Dec-19	LU1892528545	FODCFSC	1,026.65	+0.33%	+2.61%	+1.41%	15.45%
Class S2 CHF	-	LU1892528974	-	-	-	-	-	-
Class D ILS	May-17	LU1577731786	FODCFDS	5,328.81	+0.31%	+2.44%	+1.45%	10.21%
Class Q SEK	Oct-18	LU1886619987	FODCFQS	10,371.26	+0.40%	+3.14%	+1.22%	12.37%

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: S&P Global Market Intelligence.
- (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 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 29-Oct-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 29-Oct-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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