



## 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 generated a -0.12% net total return in March and -0.93% year-to-date (M EUR share class).<sup>1</sup>

The trailing 12-month loan default rate was unchanged at 0.19% in the US and fell from 0.82% to 0.81% in Europe in March.<sup>2</sup> The distressed ratio (loans trading below 80c, a potential indicator of the direction of future defaults) increased from 1.77% to 1.85% in the US and from 0.85% to 1.14% in Europe.<sup>3</sup>

In addition to ongoing concerns about the Russian invasion of Ukraine and commodity prices, hawkish comments by central banks and higher than expected inflation pushed European and US rates up sharply. The yield of BBB-rated European corporate bonds continued to increase in March and has now risen from 0.34% at the end of 2021 to 1.49%, resulting in a negative gross total return of -5.31% for the EUR BBB Corporate Index<sup>4</sup> in 2022 year-to-date.

The gross yield to expected call of the Fund's portfolio has increased from 4.6% at the end of 2021 to 6.1% in March and the Fund's net total return has been -0.93% year-to-date, given the floating-rate nature of the underlying investments.

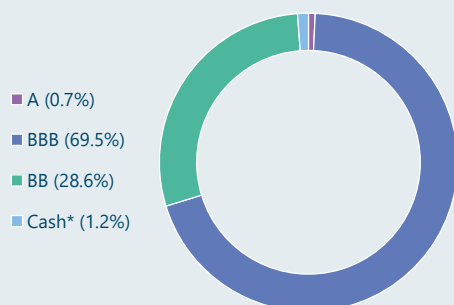
Given ongoing uncertainty we continue to believe that the Fund is well positioned:

- Over 100 positions, each backed by a diversified portfolio of senior secured bank loans and benefitting from structural subordination and protection from idiosyncratic risk.
- 100% floating-rate investments.
- Positive technicals as US primary CLO supply has fallen significantly given market volatility (\$11.5 billion worth of new issues in the US in March 2022, compared with \$14.7 billion in March 2021).<sup>5</sup> New issue CLO volumes in Europe have remained in line with 2021 (€4.7 billion in March 2022, compared to €3.3 billion in March 2021)<sup>5</sup> but are expected to slow down.

## Top 5 positions<sup>10</sup>

Deal name	Rating (M/S/F)	CLO manager	% of NAV
MDPKE 17X D	Baa3/NR/BBB	CSAM	3.2%
ARESE 9X D	Baa2/BBB/NR	Ares Management	2.4%
EGLXY 2018-6X D	Baa2/BBB/NR	PineBridge Investments	2.1%
TIKEH 2015-1X DRR	Baa3/NR/BBB-	Tikehau Capital Europe	2.1%
TIKEH 6X D	Baa3/NR/BBB-	Tikehau Capital Europe	1.9%

## Rating breakdown<sup>10,11</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

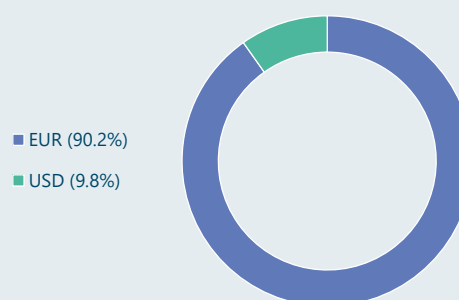
Data as of 31-Mar-22

Legal structure	Luxembourg SICAV-Alpha UCITS SICAV
Domicile	Luxembourg
Launch date	13-Sep-16
Fund size	€532.7m
Dealing	Weekly (Wednesdays)
Valuations	Daily non-dealing and weekly dealing NAVs
Target gross return <sup>9</sup>	Euribor + 5% p.a. (see share class KIIDS 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

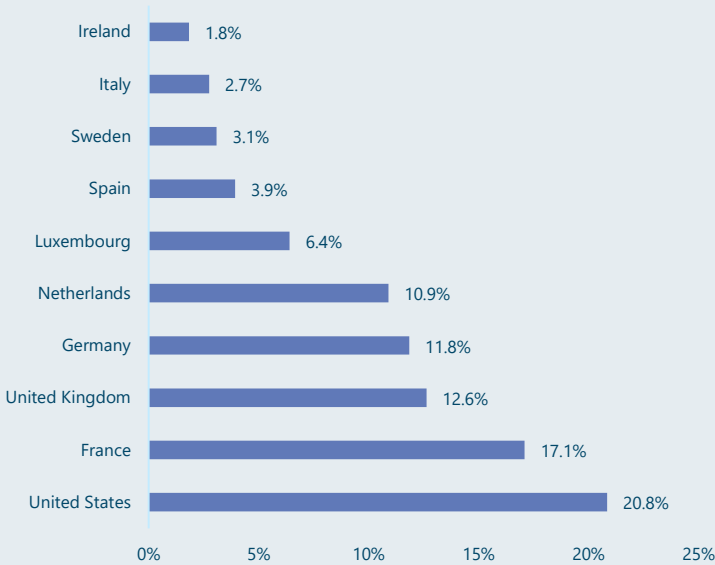
Number of positions:	108
Yield to maturity <sup>6</sup> : (based on expected average life of 6.3 years)	+5.6%
Yield to expected call <sup>6</sup> : (based on expected average life of 2.9 years)	+6.1%
Floating rate:	100%
CLOs with ESG Investment Criteria <sup>7</sup> :	31%

## Currency breakdown<sup>10,11</sup>

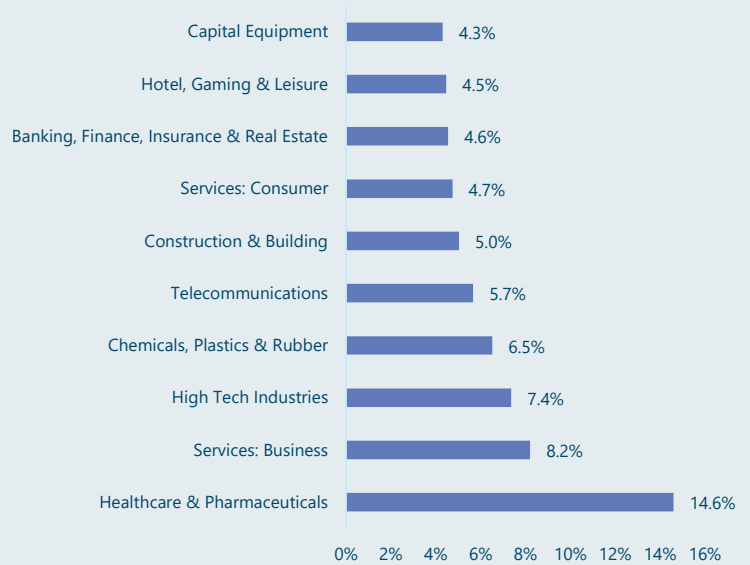




Look-through geographic breakdown (top 10)<sup>8</sup>



Look-through industry diversification (top 10)<sup>8,12</sup>



Monthly performance<sup>13</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	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	2021	ITD			
+0.95%	-0.15%	-0.03%	+0.67%	+0.37%	+0.38%	+0.49%	+0.15%	+0.06%	+0.40%	+0.17%	+0.10%	+3.63%	+13.44%			
Jan-22	Feb-22	Mar-22											2022	ITD		
+0.37%	-1.18%	-0.12%											-0.93%	+12.38%		

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

% Positive or unchanged weeks: +71.68%  
Average weekly return (positive or unchanged weeks): +0.35%  
Average weekly return (negative weeks): -0.69%

Contact information:





## Share class performance<sup>14</sup>

	LAUNCH DATE	ISIN	BLOOMBERG TICKER	NAV (31-Mar-22)	TOTAL RETURN MONTHLY	TOTAL RETURN 2022 YTD	ANNUALISED RETURN (SINCE CLASS LAUNCH)	ANNUALISED DAILY VOLATILITY (SINCE CLASS LAUNCH)
Class M EUR	Oct-16	LU1344623373	FODCFME	1,123.83	-0.12%	-0.93%	<b>+2.15%</b>	<b>9.10%</b>
Class E EUR	Sep-16	LU1344621674	FODCFEE	1,104.17	-0.18%	-1.02%	<b>+1.81%</b>	<b>9.07%</b>
Class L EUR	Nov-18	LU1344622219	FODCFLE	1,031.82	-0.20%	-1.08%	<b>+0.94%</b>	<b>11.65%</b>
Class A EUR	Aug-17	LU1344614893	FODCFAE	1,046.14	-0.20%	-1.08%	<b>+0.98%</b>	<b>9.87%</b>
Class N EUR	Dec-16	LU1539542248	FODCFNE	929.27	-0.88%	-1.71%	<b>+1.75%</b>	<b>9.30%</b>
Class O EUR	Mar-17	LU1570265261	FODCFOE	951.69	-0.20%	-1.08%	<b>+1.39%</b>	<b>9.53%</b>
Class R EUR	Dec-19	LU1892529196	FODCFRE	1,003.40	-0.28%	-1.32%	<b>+0.15%</b>	<b>13.96%</b>
Class R2 EUR	-	LU1892529519	-	-	-	-	-	-
Class S EUR	Sep-19	LU1892528388	FODCFSE	1,021.33	-0.20%	-1.09%	<b>+0.85%</b>	<b>13.40%</b>
Class S2 EUR	-	LU1892528628	-	-	-	-	-	-
Class E GBP	Sep-16	LU1344621831	FODCFEG	1,138.00	-0.09%	-0.84%	<b>+2.37%</b>	<b>9.15%</b>
Class E2 GBP	Jun-17	LU1628743905	FODCE2G	957.08	-0.09%	-1.51%	<b>+1.82%</b>	<b>9.83%</b>
Class L GBP	Nov-19	LU1344622482	FODCFLG	1,036.25	-0.12%	-0.90%	<b>+1.51%</b>	<b>13.84%</b>
Class L2 GBP	Sep-17	LU1683328667	FODCL2G	955.71	-0.12%	-0.91%	<b>+1.62%</b>	<b>10.07%</b>
Class A GBP	Dec-17	LU1344615270	FODCFAG	1,051.21	-0.11%	-0.88%	<b>+1.17%</b>	<b>10.38%</b>
Class T GBP	Jul-21	LU2349357983	FODCF TG	1,002.49	-	-	-	-
Class E USD	Sep-16	LU1344621757	FODCFEU	1,222.57	-0.08%	-0.83%	<b>+3.71%</b>	<b>9.09%</b>
Class L USD	Feb-20	LU1344622300	FODCF LU	1,022.81	-0.09%	-0.87%	<b>+1.05%</b>	<b>13.72%</b>
Class A USD	Aug-19	LU1344615197	FODCF AU	1,056.91	-0.09%	-0.88%	<b>+2.11%</b>	<b>13.03%</b>
Class R USD	Dec-19	LU1892529279	FODCF RU	1,030.98	-0.17%	-1.12%	<b>+1.33%</b>	<b>13.98%</b>
Class R2 USD	-	LU1892529600	-	-	-	-	-	-
Class S USD	Dec-19	LU1892528461	FODCF SU	1,054.25	-0.09%	-0.89%	<b>+2.30%</b>	<b>13.91%</b>
Class S2 USD	-	LU1892528891	-	-	-	-	-	-
Class E CHF	Sep-16	LU1344621914	FODCF EC	1,071.08	-0.23%	-1.14%	<b>+1.25%</b>	<b>9.08%</b>
Class A CHF	Feb-20	LU1344615353	FODCF AC	988.92	-0.25%	-1.19%	<b>-0.52%</b>	<b>13.72%</b>
Class R CHF	Dec-19	LU1892529436	FODCF RC	993.74	-0.33%	-1.43%	<b>-0.27%</b>	<b>13.98%</b>
Class R2 CHF	-	LU1892529782	-	-	-	-	-	-
Class S CHF	Dec-19	LU1892528545	FODCF SC	1,015.64	-0.25%	-1.20%	<b>+0.68%</b>	<b>13.98%</b>
Class S2 CHF	-	LU1892528974	-	-	-	-	-	-
Class D ILS	May-17	LU1577731786	FODCF DS	5,269.17	-0.21%	-1.19%	<b>+1.09%</b>	<b>9.77%</b>
Class Q SEK	Oct-18	LU1886619987	FODCF QS	10,289.57	-0.15%	-0.98%	<b>+0.84%</b>	<b>11.61%</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: S&P Global Market Intelligence. Euro and US loan index lagging 12-month loan default rate based on Principal Amount.
- (3) Source: S&P Global Market Intelligence.
- (4) Source: JP Morgan. Corporate BBB 3-5 index Level.
- (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) The proportion of the fund's investments which include ESG-focused investment criteria is being reported as per Article 8 of EU Regulation 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR").
- (8) 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 31-Mar-22.
- (9) Target gross return is before Fund expenses and management fees. Share class KIIDs including TERs are available on Management Company's Waystone website (<https://www.waystone.com/our-funds/waystone-management-company-lux-s-a/>).
- (10) Based on the current valuation of the assets in the Fund's base currency at month-end.
- (11) Due to rounding errors, the percentages may not sum to 100%. Currency breakdown of CLO investments excludes cash balance.
- (12) 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-Mar-22.
- (13) 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.
- (14) NAVs calculated net of fees. 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.

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Signatory of:

