



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 -1.40% net total return in July and -11.01% YTD.¹ The EUR BBB Corporate Index² generated a positive gross total return of 3.67% in July and -7.09% year-to-date. European high yield bonds generated a positive return of 4.95%² and the S&P European Leveraged Loan Index posted a positive return of 2.68% in the month.³ The fund did not benefit from the impact of lower forward rates that benefitted the fixed-rate markets and has not (yet) seen the spread tightening that has occurred in corporate bond markets as a result of improved market sentiment in July.

The gross yield to maturity of the Fund's portfolio has increased from 4.45% at the end of 2021 to 8.60% at the end of July, while the gross yield to expected call has increased from 4.62% to 13.34%. The fund continues to offer attractive returns from a relative value perspective versus BBB-rated European corporate bonds with a YTM of 2.17%, and the JP Morgan EUR High Yield Index YTM of 7.09%.²

The trailing 12-month loan default rate remained unchanged in the US and in Europe in July, at 0.28% and 0.62% respectively.³ The distressed ratio (loans trading below 80c, a potential indicator of the direction of future defaults) increased from 3.65% to 3.98% in the US and decreased from 4.35% to 3.79% in Europe.⁴ The percentage of US and European loans rated CCC+ or below, however, continues to be low at 4.07% and 3.69% respectively, versus 4.13% and 3.66%, in June.

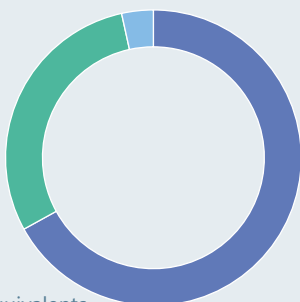
Despite widening CLO liability spreads, CLO issuance has remained relatively strong in both the US and Europe. Year-to-date US CLO issuance was \$84bn through the end of July, only 9% lower than the same period in 2021. In Europe, year-to-date new issuance volume of €15.6bn is 14% behind the same period in 2021 but 2021 was a record year for issuance in both markets. We expect issuance to slow down during the rest of Q3 and Q4 as widening CLO liabilities and, in July, a partial recovery in loan prices has made it increasingly challenging to achieve attractive arbitrage for CLO equity in new transactions. While macroeconomic conditions will continue to impact equity and credit markets, a slowdown in CLO issuance would provide some support to secondary CLO valuations.

Top 5 positions⁹

Deal name	Rating (M/S/F)	CLO manager	% of NAV
MDPKE 17X D	Baa3/NR/BBB	CSAM	2.8%
ARESE 9X D	Baa2/BBB/NR	Ares Management	2.7%
EGLXY 2018-6X D	Baa2/BBB/NR	PineBridge Investments	2.4%
TIKEH 2015-1X DRR	Baa3/NR/BBB-	Tikehau Capital Europe	2.3%
OCPE 2017-2X D	Baa2/BBB/NR	Onex Credit Partners	2.0%

Rating breakdown^{9,10}

- A (0%)
- BBB (67%)
- BB (30%)
- Cash* (3%)



**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-July-22

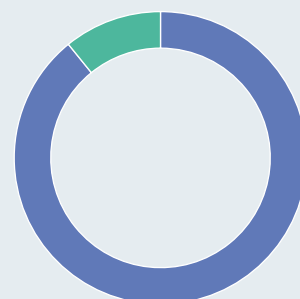
Legal structure	Luxembourg SICAV-Alpha UCITS SICAV
Domicile	Luxembourg
Launch date	13-Sep-16
Fund size	€442.7m
Dealing	Weekly (Wednesdays)
Valuations	Daily non-dealing and weekly dealing NAVs
Target gross return ⁸	Euribor + 5% p.a. (see share class KIIDS for TER details)
Base currency	EUR
Investment 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:	102
Yield to maturity ⁵ : (based on expected average life of 5.9 years)	+8.6%
Yield to expected call ⁵ : (based on expected average life of 2.3 years)	+13.3%
Floating rate:	100%
CLOs with ESG Investment Criteria ⁶ :	28%

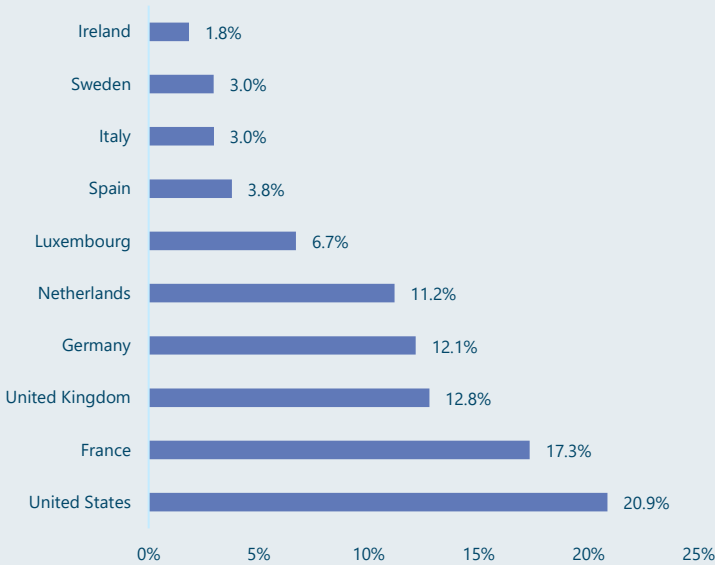
Currency breakdown^{9,10}

- 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	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	Apr-22	May-22	Jun-22	Jul-22							2022	ITD		
+0.37%	-1.18%	-0.12%	-0.35%	-5.51%	-3.24%	-1.40%							-11.01%	+0.95%		

Maximum weekly return:	+9.51%	% Positive or unchanged weeks:	+69.93%
Largest weekly drawdown:	-15.16%	Average weekly return (positive or unchanged weeks):	+0.35%
		Average weekly return (negative weeks):	-0.76%

Contact information:





Share class performance^{4,3}

	LAUNCH DATE	ISIN	BLOOMBERG TICKER	NAV (30-Jun-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	1,009.52	-1.40%	-11.01%	+0.16%	8.81%
Class E EUR	Sep-16	LU1344621674	FODCFEE	990.86	-1.42%	-11.17%	-0.16%	8.78%
Class L EUR	Nov-18	LU1344622219	FODCFLE	925.18	-1.44%	-11.30%	-2.10%	10.90%
Class A EUR	Aug-17	LU1344614893	FODCFAE	938.02	-1.44%	-11.30%	-1.28%	9.45%
Class N EUR	Dec-16	LU1539542248	FODCFNE	827.35	-1.42%	-10.26%	+0.16%	8.98%
Class O EUR	Mar-17	LU1570265261	FODCFOE	828.94	-4.26%	-13.84%	-1.06%	9.25%
Class R EUR	Dec-19	LU1892529196	FODCFRE	896.77	-1.52%	-11.81%	-4.06%	12.60%
Class R2 EUR	-	LU1892529519	-	-	-	-	-	-
Class S EUR	Sep-19	LU1892528388	FODCFSE	915.66	-1.45%	-11.32%	-3.08%	12.21%
Class S2 EUR	-	LU1892528628	-	-	-	-	-	-
Class E GBP	Sep-16	LU1344621831	FODCFEG	1,025.75	-1.28%	-10.62%	+0.44%	8.86%
Class E2 GBP	Jun-17	LU1628743905	FODCE2G	856.51	-1.28%	-10.47%	-0.05%	9.43%
Class L GBP	Nov-19	LU1344622482	FODCFLG	933.51	-1.30%	-10.73%	-2.51%	12.54%
Class L2 GBP	Sep-17	LU1683328667	FODCL2G	848.53	-1.30%	-11.25%	-0.65%	9.65%
Class A GBP	Dec-17	LU1344615270	FODCFAG	947.40	-1.29%	-10.67%	-1.16%	9.89%
Class T GBP	Jul-21	LU2349357983	FODCF TG	903.86	-	-	-	-
Class E USD	Sep-16	LU1344621757	FODCFEU	1,102.79	-1.22%	-10.55%	+1.69%	8.88%
Class L USD	Feb-20	LU1344622300	FODCF LU	921.97	-1.24%	-10.64%	-3.23%	12.44%
Class A USD	Aug-19	LU1344615197	FODCF AU	952.66	-1.24%	-10.65%	-1.62%	11.94%
Class R USD	Dec-19	LU1892529279	FODCF RU	926.22	-1.32%	-11.17%	-2.87%	12.63%
Class R2 USD	-	LU1892529600	-	-	-	-	-	-
Class S USD	Dec-19	LU1892528461	FODCF SU	950.33	-1.24%	-10.66%	-1.90%	12.58%
Class S2 USD	-	LU1892528891	-	-	-	-	-	-
Class E CHF	Sep-16	LU1344621914	FODCF EC	959.92	-1.48%	-11.40%	-0.70%	8.79%
Class A CHF	Feb-20	LU1344615353	FODCF AC	886.48	-1.41%	-11.43%	-4.79%	12.44%
Class R CHF	Dec-19	LU1892529436	FODCF RC	888.07	-1.48%	-11.91%	-4.41%	12.63%
Class R2 CHF	-	LU1892529782	-	-	-	-	-	-
Class S CHF	Dec-19	LU1892528545	FODCF SC	910.50	-1.41%	-11.43%	-3.50%	12.63%
Class S2 CHF	-	LU1892528974	-	-	-	-	-	-
Class D ILS	May-17	LU1577731786	FODCF DS	4,716.51	-1.46%	-11.55%	-1.12%	9.38%
Class Q SEK	Oct-18	LU1886619987	FODCF QS	9,239.62	-1.35%	-11.08%	-2.09%	10.88%

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, EUR BBB Corporate Yield, EUR HY Summary Market Index, EUR Loan Index Summary Market Index.
- (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: 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.
- (6) 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").
- (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-Jul-22.
- (8) 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/>).
- (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-Jul-22.
- (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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