



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 -2.10% net return¹ in March. This compares to the JP Morgan European High Yield Index return of +0.11%,² European Leveraged Loan Index return of -0.12% and US Leveraged Loan Index return of -0.03% in March.³

The Fund's gross yield to maturity is +10.14% and gross yield to expected call is +15.14%. This compares to +7.88% YTM for the JP Morgan European High Yield index.⁴

March saw a broad sell-off in risk assets as the failure of SVB and SBNY was followed by significant US regional bank weakness and the forced takeover of Credit Suisse. Swift response by Central Banks limited contagion and supported a partial recovery in bank shares in US and Europe at the end of the month. More widely, equities and investment-grade bonds rallied in the second half of the month while loans and CLOs lagged.

The fundamental impact of the problems in the banking market on CLOs was limited given negligible small-cap technology sector exposure, minimal banking sector exposure and limited CLOs held by US regional banks (estimated at \$12.8 billion). In Fair Oaks' opinion, however, stricter lending standards are likely to have a negative effect on refinancing risk despite being partially offset by the current expectation that US interest rates will not exceed 5.00% in 2023 and will potentially fall to 4.05% by year-end 2023.⁵

Defaults continue to be well below the 2023 forecasts published at the end of 2022, with the default rate increasing from 1.02% to 1.32% in the US and from 0.23% to 0.44% in Europe in March. The distressed ratio increased from 8.14% to 8.75% in the US while it fell from 6.98% to 6.43% in Europe.⁶

The latest LCD Leveraged Finance investor survey shows that 71% of investors consider that the US loan index has "hits its lows of the credit cycle", an increase from 29% who believed this at the end of 2022. The investors surveyed expected the default rate to reach 2.50% to 2.99% by April 2024, a slight increase from the 2.00% to 2.49% expected at the end of 2022.

S&P has just published a report highlighting the challenges in current credit markets and the resilience of CLOs.⁷ Despite the risk of poor corporate performance and loan rating downgrades S&P states that the risk of CLO downgrades is minimal and potentially concentrated in specific vintages and buckets. The report also discusses CLO documentation changes, credit spread adjustments for US transactions and the potential impact of out-of-court restructuring processes on recovery rates.

We believe that a potentially lower-than-forecast default rate, the resilience of CLO notes and historically wide spreads at the potential lows of the credit cycle support our thesis that the Fund offers a very attractive risk-adjusted return for investors looking for exposure to credit markets.

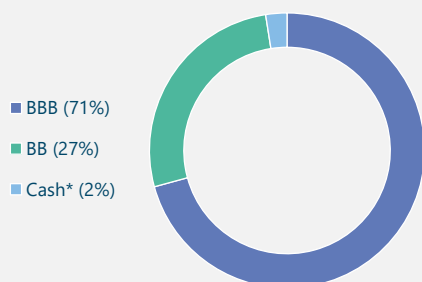
Top 5 positions⁹

Deal name	Rating (M/S/F)	CLO manager	% of NAV
OCPE 2017-2X D	Baa2/BBB/NR	Onex Credit Partners	2.5%
ARESE 9X D	Baa2/BBB/NR	Ares Management	2.3%
WILPK 1X C	Baa2/NR/BBB	GSO Capital Partners	2.2%
OHECP 2018-7X D Mtge	Baa3/NR/BBB-	Oak Hill Advisors	2.0%
SNDPE 6X D	Baa3/NR/BBB-	Sound Point	2.0%

TOTAL NUMBER OF ISSUERS IN THE PORTFOLIO: 1,307

LARGEST LOAN ISSUER (% MARKET VALUE): 1.14%

Rating breakdown^{9,10}



*Cash and cash equivalents. Cash adjusted from subscriptions and redemptions received prior to month-end.

Please refer to the footnotes for 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

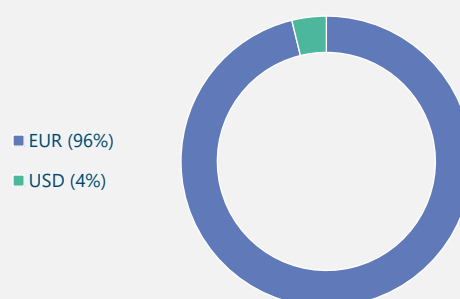
Data as of 31-Mar-23

Legal structure	Luxembourg SICAV-Alpha UCITS SICAV
Domicile	Luxembourg
Launch date	13-Sep-16
Fund size	€366.0m
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

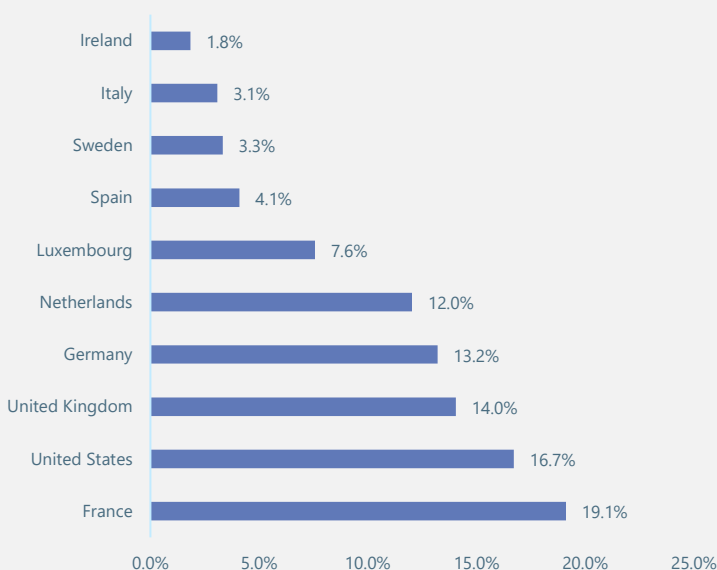
Number of positions:	88
Yield to maturity ¹¹ : (based on expected average life of 5.5 years)	+10.1%
Yield to expected call ¹¹ : (based on expected average life of 2.1 years)	+15.1%
Floating rate:	100%
CLOs with ESG Investment Criteria ¹² :	23%

Currency breakdown^{9,10}

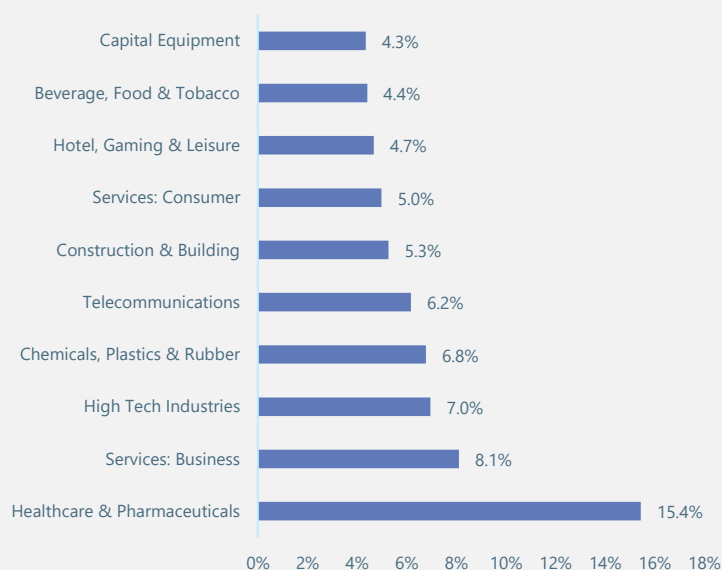




Look-through geographic breakdown (top 10)¹³



Look-through industry diversification (top 10)^{13,14}



Monthly performance¹⁵

									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	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	2022	ITD
+0.37%	-1.18%	-0.12%	-0.35%	-5.51%	-3.24%	-1.40%	4.25%	-6.01%	-0.02%	+2.80%	+1.19%	-9.31%	+2.87%
Jan-23	Feb-23	Mar-23										2023	ITD
+4.40%	+0.99%	-2.10%										+3.22%	+6.18%

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

% Positive or unchanged weeks: +70.09%
Average weekly return (positive or unchanged weeks): +0.38%
Average weekly return (negative weeks): -0.81%

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Signatory of:





Share class performance¹⁶

	LAUNCH DATE	ISIN	BLOOMBERG TICKER	NAV (31-Mar-23)	TOTAL RETURN MONTHLY	TOTAL RETURN 2023 YTD	ANNUALISED RETURN (SINCE CLASS LAUNCH)	ANNUALISED DAILY VOLATILITY (SINCE CLASS LAUNCH)
Class M EUR	Oct-16	LU1344623373	FODCFME	1,061.84	-2.10%	+3.22%	+0.93%	8.80%
Class E EUR	Sep-16	LU1344621674	FODCFEE	1,039.92	-2.12%	+3.13%	+0.60%	8.77%
Class L EUR	Nov-18	LU1344622219	FODCFLE	969.36	-2.14%	+3.07%	-0.72%	10.73%
Class A EUR	Aug-17	LU1344614893	FODCFAE	982.81	-2.14%	+3.07%	-0.31%	9.41%
Class N EUR	Dec-16	LU1539542248	FODCFNE	841.52	-2.09%	+3.16%	+0.70%	8.99%
Class O EUR	Mar-17	LU1570265261	FODCFOE	868.52	-2.14%	+3.07%	-0.27%	9.22%
Class R EUR	Dec-19	LU1892529196	FODCFRE	934.09	-2.22%	+2.82%	-2.04%	12.24%
Class R2 EUR	-	LU1892529519	-	-	-	-	-	-
Class S EUR	Sep-19	LU1892528388	FODCFSE	959.14	-2.14%	+3.06%	-1.19%	11.89%
Class S2 EUR	-	LU1892528628	-	-	-	-	-	-
Class E GBP	-	LU1344621831	-	-	-	-	-	-
Class E2 GBP	Jun-17	LU1628743905	FODCE2G	879.27	-2.00%	+3.52%	+0.83%	9.40%
Class L GBP	-	LU1344622482	-	-	-	-	-	-
Class L2 GBP	Sep-17	LU1683328667	FODCL2G	879.31	-2.02%	+2.20%	+0.13%	9.60%
Class A GBP	Dec-17	LU1344615270	FODCFAG	1,004.20	-2.00%	+3.47%	+0.08%	9.81%
Class T GBP	Jul-21	LU2349357983	FODCFTG	958.54	-2.02%	+3.47%	-	-
Class E USD	Sep-16	LU1344621757	FODCFEU	1,175.93	-1.96%	+3.68%	+2.52%	8.87%
Class L USD	Feb-20	LU1344622300	FODCLFU	981.40	-1.98%	+3.62%	-0.59%	12.10%
Class A USD	Aug-19	LU1344615197	FODCAU	1,031.72	-0.26%	+5.43%	+0.86%	53.90%
Class R USD	Dec-19	LU1892529279	FODCFRU	979.70	-2.02%	+3.41%	-0.62%	12.26%
Class R2 USD	-	LU1892529600	-	-	-	-	-	-
Class S USD	Dec-19	LU1892528461	FODCFSU	1,011.32	-1.99%	+3.61%	+0.34%	12.22%
Class S2 USD	-	LU1892528891	-	-	-	-	-	-
Class E CHF	Sep-16	LU1344621914	FODCFEC	997.71	-2.31%	+2.61%	-0.04%	8.78%
Class A CHF	Feb-20	LU1344615353	FODCFAC	919.84	-2.34%	+2.56%	-2.64%	12.10%
Class R CHF	Dec-19	LU1892529436	FODCFRC	915.85	-2.41%	+2.32%	-2.63%	12.26%
Class R2 CHF	-	LU1892529782	-	-	-	-	-	-
Class S CHF	Dec-19	LU1892528545	FODCFSC	944.95	-2.32%	+2.57%	-1.70%	12.26%
Class S2 CHF	-	LU1892528974	-	-	-	-	-	-
Class D ILS	May-17	LU1577731786	FODCFDS	4,938.49	-2.17%	+3.14%	-0.21%	9.34%
Class Q SEK	Oct-18	LU1886619987	FODCFQS	9,707.12	-2.09%	+3.13%	-0.67%	10.72%

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 European High Yield Index.
- (3) Source: PitchBook LCD.
- (4) Source: JP Morgan EUR HY Summary Yield to Maturity.
- (5) Source: Bloomberg. As at 05-Apr-23.
- (6) Source: PitchBook LCD. Euro and US loan index lagging 12-month loan default rate based on Principal Amount. Distressed ratio by issuer count defined as loans trading below 80c.
- (7) Source: S&P Global Rating, Credit FAQ: "Risks To Leveraged Loans And CLOs Amid An Increasingly Cloudy Macroeconomic Environment."
- (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) 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.
- (12) 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").
- (13) 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-23.
- (14) 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-23.
- (15) 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.
- (16) NAVs calculated net of fees. Share classes R2 and S2 have not launched as of the reporting month.



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.

This report relates to the Fair Oaks Dynamic Credit Fund (the "Sub-Fund"), a sub-fund of Alpha UCITS SICAV. In making any investment in the Sub-Fund, investors should rely solely on the Prospectus and the Key Investor Information Document (available from the Investment Manager, Fair Oaks Capital Limited) and not any information set out in this report. The distribution of this report in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this report may come should inform themselves about and observe any such restrictions. In particular this report is not for distribution in or into the United States or Canada.

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This report has been communicated by Fair Oaks Capital Limited, 1 Old Queen Street, London SW1H 9JA, authorised and regulated in the UK by the Financial Conduct Authority, FRN No. 604090.

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