



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 was up 3.08% in July¹, versus the JP Morgan European High Yield Index return of +0.89%² and the European Leveraged Loan Index return of +1.44%.³ The portfolio's gross yield to maturity is 9.1% and the gross yield to expected call is 12.5%. This compares to the yield-to-maturity of 7.7% for the JP Morgan European High Yield Index.²

The Fund rotated some positions throughout the month, selling bonds for which we felt the market may be overestimating the near-term callability of the deals given projected equity economics.

The European loan default rate increased from 0.98% to 1.51% (due to Casino's default on €1.43 billion of senior debt), and the US loan default rate increased from 1.71% to 1.75%. The forward-looking distressed ratio increased from 4.13% to 4.17% in Europe and declined from 8.47% to 7.55% in the US in July.⁴

Altice group bonds and loans came under pressure on the news the co-founder (Armando Pereira) was arrested in Portugal. Altice International and SFR (Altice France) represent 0.1% and 0.6% of the European loan index and 0.1% and 0.7% of the US loan index, respectively. Additionally, Altice USA represents 0.6% of the US loan index.⁵ The potential impact in the high yield market could be more pronounced as Altice group entities represent 2.5%⁶ and 1.7%⁷ of the European and US high yield indices, respectively.

Primary CLO new issue volumes reached €1.9 billion and \$5.6 billion in July compared to €1.6 billion and \$4.0 billion in June 2023, still well below the €2.3 billion and \$11.7 billion in July 2022. Manager differentiation continues in Europe and the US, with new issue AAA spreads printing in a +175-195bps and +174-220bps range respectively.⁸

Demand for CLO mezzanine in the US continued to benefit from the launch of a number of ETFs^{9,10} which have resulted in numerous articles and research reports highlighting the benefits of this asset class.^{11,12,13,14} FODC continues to offer an attractive way to access this strategy, with a longer track-record, seasoned and diversified portfolio, daily liquidity and comparable or lower management fees.

Top 5 positions¹⁶

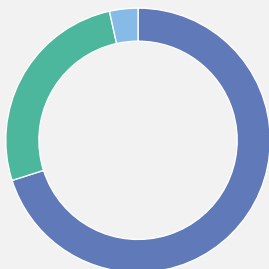
Deal name	Rating (M/S/F)	CLO manager	% of NAV
OCPE 2017-2X D	Baa2/BBB/NR	Onex Credit Partners	2.6%
ARESE 9X D	Baa2/BBB/NR	Ares Management	2.4%
WILPK 1X C	Baa2/NR/BBB	GSO Capital Partners	2.3%
PLMER 2022-1X D	Baa3/BBB/NR	Palmer Square	2.2%
OHCEP 2018-7X D	Baa3/NR/BBB-	Oak Hill Advisors	2.1%

TOTAL NUMBER OF ISSUERS IN THE PORTFOLIO: 1,266

LARGEST LOAN ISSUER (% MARKET VALUE): 1.15%

Rating breakdown^{16,17}

- BBB (70%)
- BB (26%)
- Cash* (3%)



*Cash and cash equivalents.

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.

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Fund facts

Data as of 31-Jul-23

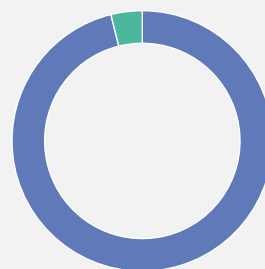
Legal structure	Luxembourg SICAV-Alpha UCITS SICAV
Domicile	Luxembourg
Launch date	13-Sep-16
Fund size	€369.5m
Dealing	Daily
Valuations	Daily dealing NAVs
Target gross return ¹⁵	Euribor + 5% p.a. (see share class KIIDS for TER details)
Base currency	EUR
Investment manager	Fair Oaks Capital Limited ("Fair 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:	91
Yield to maturity ¹⁸ : (based on expected average life of 5.4 years)	+9.1%
Yield to expected call ¹⁸ : (based on expected average life of 2.0 years)	+12.5%
Floating rate:	100%
CLOs with ESG Investment Criteria:	29%

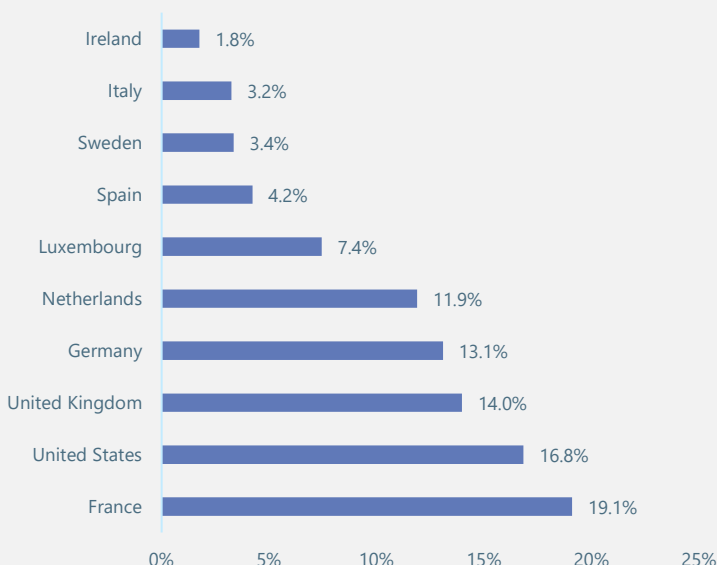
Currency breakdown^{16,17}

- EUR (96%)
- USD (4%)

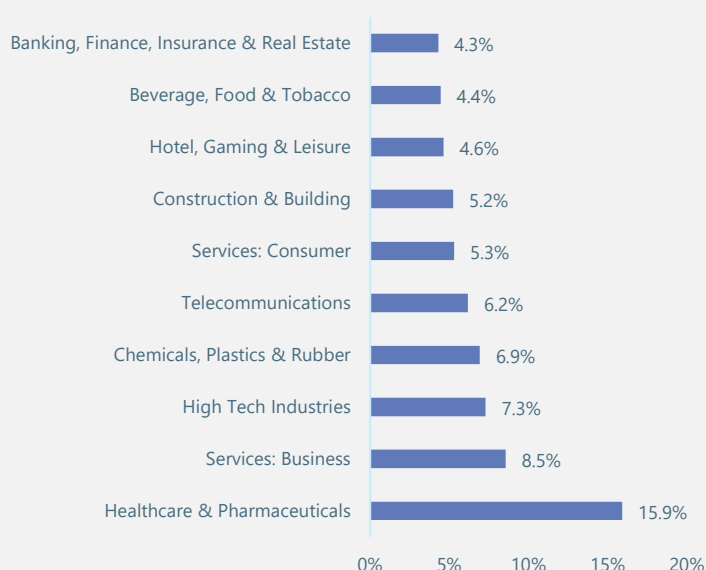




Look-through geographic breakdown (top 10)¹⁹



Look-through industry diversification (top 10)^{19,20}



Monthly performance²¹

									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	Apr-23	May-23	Jun-23	Jul-23						2023	ITD
+4.40%	+0.99%	-2.10%	+2.88%	0.00%	+1.55%	+3.08%						+11.16%	+14.35%

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

% Positive or unchanged weeks: +70.98%
Average weekly return (positive or unchanged weeks): +0.39%
Average weekly return (negative weeks): -0.79%

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Signatory of:





Share class performance²²

	LAUNCH DATE	ISIN	BLOOMBERG TICKER	NAV (31-Jul-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	1,143.54	+3.08%	+11.16%	+1.99%	8.63%
Class E EUR	Sep-16	LU1344621674	FODCFEE	1,118.72	+3.04%	+10.95%	+1.65%	8.61%
Class L EUR	Nov-18	LU1344622219	FODCFLE	1,041.94	+3.02%	+10.78%	+0.88%	10.43%
Class A EUR	Aug-17	LU1344614893	FODCFAE	1,056.40	+3.02%	+10.78%	+0.92%	9.21%
Class N EUR	Dec-16	LU1539542248	FODCFNE	890.96	+3.04%	+10.80%	+1.56%	8.86%
Class O EUR	Mar-17	LU1570265261	FODCFOE	888.14	+2.88%	+10.63%	+0.73%	9.45%
Class R EUR	Dec-19	LU1892529196	FODCFRE	1,000.76	+2.94%	+10.16%	+0.02%	11.78%
Class S EUR	Sep-19	LU1892528388	FODCFSE	1,030.82	+3.02%	+10.76%	+0.80%	11.47%
Class E2 GBP	Jun-17	LU1628743905	FODCE2G	936.22	+3.16%	+10.12%	+1.66%	9.21%
Class L2 GBP	Sep-17	LU1683328667	FODCL2G	921.01	+3.36%	+11.59%	+1.45%	9.37%
Class A GBP	Dec-17	LU1344615270	FODCFAG	1,083.86	+3.14%	+11.68%	+1.44%	9.58%
Class E USD	Sep-16	LU1344621757	FODCFEU	1,273.14	+3.19%	+12.25%	+3.59%	8.71%
Class L USD	Feb-20	LU1344622300	FODCFLU	1,061.70	+3.17%	+12.10%	+1.73%	12.04%
Class A USD	Aug-19	LU1344615197	FODCAU	1,115.88	+3.17%	+14.03%	+2.79%	11.24%
Class R USD	Dec-19	LU1892529279	FODCFRU	1,056.23	+3.08%	+11.49%	+1.52%	11.80%
Class S USD	Dec-19	LU1892528461	FODCFSU	1,093.94	+3.17%	+12.07%	+2.49%	11.77%
Class E CHF	Sep-16	LU1344621914	FODCFEC	1,065.88	+2.86%	+9.62%	+0.93%	8.62%
Class A CHF	Feb-20	LU1344615353	FODCFAC	981.84	+2.84%	+9.47%	-0.53%	12.08%
Class S CHF	Dec-19	LU1892528545	FODCFSC	1,008.67	+2.84%	+9.49%	+0.24%	11.80%
Class D ILS	May-17	LU1577731786	FODCFDS	5,314.11	+3.04%	+10.99%	+0.99%	9.15%
Class Q SEK	Oct-18	LU1886619987	FODCFQS	10,432.17	+3.00%	+10.83%	+0.90%	10.42%

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) JP Morgan Euro High Yield Index. Data as at 31-Jul-23.
- 3) JP Morgan European Loan Index. Data as at 31-Jul-23.
- 4) Pitchbook LCD. Default rate by principal value. Distress ratio by issuer count. Data as at 31-Jul-23.
- 5) Pitchbook LCD. Morningstar US Leveraged Loan Index and European Leveraged Loan Index. Data as at 31-Jul-23.
- 6) JP Morgan, "High Yield Talking Points", 02-Aug-23
- 7) Bloomberg US Corporate High Yield Index, 31-Jul-23. ALTICE, CSCHLD, CVLGHT, SFRFP.
- 8) Pitchbook LCD. Data as at 31-Jul-23.
- 15) 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-managed-funds/>).
- 16) Based on the current valuation of the assets in the Fund's base currency at month-end.
- 17) Due to rounding errors, the percentages may not sum to 100%. Currency breakdown of CLO investments excludes cash balance.
- 18) 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.
- 19) 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-Jul-23.
- 20) 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-Jul-23.
- 21) 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.
- 22) NAVs calculated net of fees. Share classes R2 and S2 have not launched as of the reporting month.



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