



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 down by 0.03% in September (Q3: +4.44%),¹ versus the JP Morgan European High Yield Index monthly return of +0.07% (Q3: +1.53%)² and the European Leveraged Loan Index monthly return of +1.09% (Q3: +4.12%).³

The portfolio's gross yield to maturity is 9.3% and the gross yield to expected call is 12.8%. This compares to the yield to maturity of 7.9% for the JP Morgan European High Yield Index.²

The European loan default rate was unchanged at 1.27%, and the US loan default rate decreased from 1.55% to 1.27% in September. The forward-looking distress ratio increased from 4.45% to 4.52% in Europe and decreased from 7.26% to 6.50% in the US.⁴ Fitch lowered its default rate forecast for European leveraged loans to 3.0% by December 2023, versus the prior base case expectation of 4.5%.

Primary CLO new issue volumes reached €3.2 billion and \$7.5 billion in September taking YTD volumes to €18.6 billion and \$65.5 billion, compared to €20.1 billion and \$97.0 billion YTD to September 2022.⁵ Since August 2023, 7 European CLO managers have filed notices for potential refinancing or resets of 2022 deals exiting non-call periods, highlighting a continuing pipeline for primary transactions.⁶ The European CLO secondary market was very active in September, with secondary auction volume 87% above the YTD average.⁷

We believe that the floating-rate nature of CLO notes and their current relative value compared to other credit assets will support performance in Q4 as markets adjust to the expectation of "higher-for-longer" interest rates.

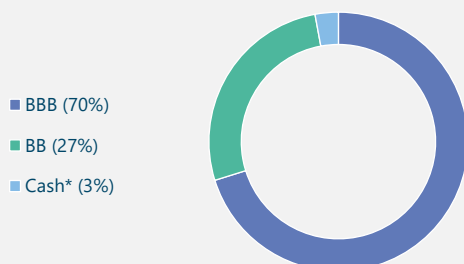
Top 5 positions¹⁰

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	2.1%
OHECP 2018-7X D	Baa3/NR/BBB-	Oak Hill Advisors	2.1%

TOTAL NUMBER OF ISSUERS IN THE PORTFOLIO: 1,191

LARGEST LOAN ISSUER (% MARKET VALUE): 1.18%

Rating breakdown^{10,11}



*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.

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Fund facts

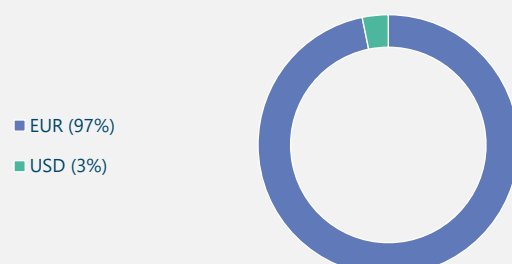
Data as of 29-Sep-23

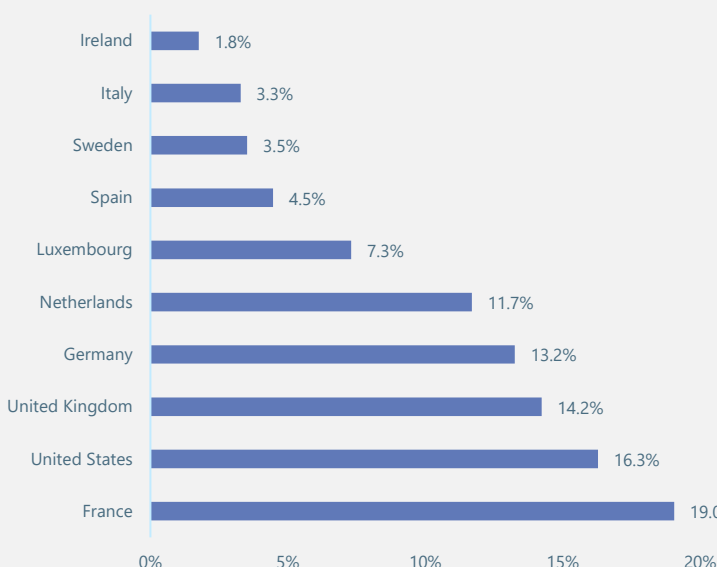
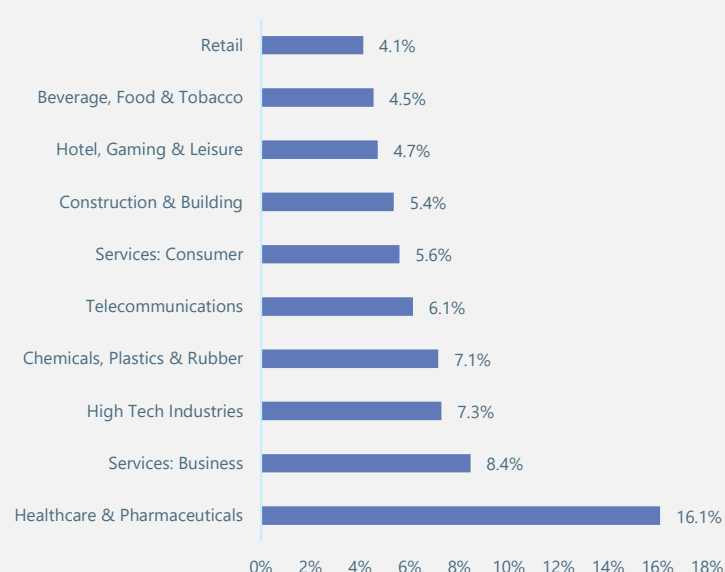
Legal structure	Luxembourg SICAV-Alpha UCITS SICAV
Domicile	Luxembourg
Launch date	13-Sep-16
Fund size	€372.0m
Dealing	Daily
Valuations	Daily dealing NAVs
Target gross return ⁸	Euribor + 5% p.a. (see share class KIIDS for TER details)
Base currency	EUR
SFDR classification ⁹	Article 8
Investment manager	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 ¹² : (based on expected average life of 5.4 years)	+9.3%
Yield to expected call ¹² : (based on expected average life of 1.9 years)	+12.8%
Floating rate:	100%

Currency breakdown^{10,11}



Look-through geographic breakdown (top 10)¹³Look-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	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23					2023	ITD
+4.40%	+0.99%	-2.10%	+2.88%	0.00%	+1.55%	+3.08%	+1.36%	-0.03%					+12.64%	+15.87%

Maximum weekly return: +9.51%

Largest weekly drawdown: -15.16%

% Positive or unchanged weeks:	+71.43%
Average weekly return (positive or unchanged weeks):	+0.39%
Average weekly return (negative weeks):	-0.79%

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Share class performance¹⁶

	LAUNCH DATE	ISIN	BLOOMBERG TICKER	NAV (29-Sep-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	1,158.73	-0.03%	+12.64%	+2.13%	8.53%
Class E EUR	Sep-16	LU1344621674	FODCFEE	1,133.04	-0.06%	+12.37%	+1.80%	8.51%
Class L EUR	Nov-18	LU1344622219	FODCFLE	1,054.85	-0.08%	+12.16%	+1.11%	10.25%
Class A EUR	Aug-17	LU1344614893	FODCFAE	1,069.49	-0.08%	+12.16%	+1.10%	9.08%
Class N EUR	Dec-16	LU1539542248	FODCFNE	884.16	-0.06%	+12.18%	+1.68%	8.69%
Class O EUR	Mar-17	LU1570265261	FODCFOE	899.14	-0.08%	+11.94%	+0.87%	9.33%
Class R EUR	Dec-19	LU1892529196	FODCFRE	1,011.53	-0.16%	+11.34%	+0.30%	11.52%
Class S EUR	Sep-19	LU1892528388	FODCFSE	1,043.52	-0.08%	+12.12%	+1.07%	11.23%
Class E2 GBP	Jun-17	LU1628743905	FODCE2G	934.17	+0.06%	+13.24%	+2.01%	9.07%
Class L2 GBP	Sep-17	LU1683328667	FODCL2G	934.84	+0.04%	+12.97%	+1.59%	9.25%
Class A GBP	Dec-17	LU1344615270	FODCFAG	1,100.26	+0.05%	+13.37%	+1.66%	9.45%
Class E USD	Sep-16	LU1344621757	FODCFEU	1,292.82	+0.05%	+13.99%	+3.73%	8.61%
Class L USD	Feb-20	LU1344622300	FODCFLU	1,077.70	+0.03%	+13.79%	+2.07%	11.76%
Class A USD	Aug-19	LU1344615197	FODCAU	1,132.70	+0.03%	+15.75%	+3.05%	11.01%
Class R USD	Dec-19	LU1892529279	FODCFRU	1,070.51	-0.04%	+13.00%	+1.81%	11.54%
Class S USD	Dec-19	LU1892528461	FODCFSU	1,110.82	+0.03%	+13.80%	+2.79%	11.51%
Class A CHF	Feb-20	LU1344615353	FODCFAC	990.28	-0.25%	+10.41%	-0.27%	11.79%
Class D ILS	May-17	LU1577731786	FODCFDS	5,376.92	-0.08%	+12.30%	+1.15%	9.03%
Class Q SEK	Oct-18	LU1886619987	FODCFQS	10,558.18	-0.10%	+12.17%	+1.11%	10.24%

Footnotes

- 1) Fair Oaks Capital 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 29-Sep-23.
- 3) JP Morgan European Loan Index. Data as at 29-Sep-23.
- 4) Pitchbook LCD. Default rate by principal value. Distress ratio by issuer count. Data as at 29-Sep-23.
- 5) Pitchbook LCD. Excludes MM CLOs, resets and refinancings. Data as at 29-Sep-23.
- 6) Pitchbook LCD. Articles reporting European CLO manager intentions for refinancings or resets, published between 24-Aug-23 and 04-Oct-23.
- 7) Citi and Fair Oaks Capital. Data as at 29-Sep-23.
- 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-managed-funds/>).
- 9) The Fund promotes environmental or social characteristics and is subject to enhanced sustainability disclosures within the meaning of Article 8 of the Regulation (EU) 2019/2088 on Sustainability-related disclosures in the financial sector. The Investment Manager sources environmental and social scores from a reputable third-party evaluation service, for the issuers of corporate loans held by the CLOs in which the Fund invests or considers investing. The Fund has weighted average environmental and social scores which are each above the average for the corporate loan market.
- 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) 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.
- 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 29-Sep-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 29-Sep-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

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