



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 3.02% in November.¹ The JP Morgan European High Yield Index was up 3.09%² and the European Leveraged Loan Index was up 0.97%.³

The portfolio's gross yield to maturity is 8.4% and the gross yield to expected call is 10.9%. This compares to the yield to maturity of 7.4% for the JP Morgan European High Yield Index.²

Default rates are still significantly lower than the forecasts for 2023 which were issued at the end of 2022, mainly driven by the market's ability to address near term maturities through loan maturity extensions. The European loan default rate increased from 1.26% to 1.42%, and the US loan default rate increased from 1.43% to 1.48% in November.⁴ The forward-looking distress ratio increased from 4.49% to 4.79% in Europe, mainly due to idiosyncratic issues as there are no distressed sectors in the European loan market,⁵ and increased from 7.04% to 7.30% in the US.⁴ Barclays' 2024 forecasted default rate for European leveraged loans is set at 3%, more benign than their 12-month 4% forecast from last year.⁵

Since June 2023, we have noted that European BBB CLO spreads have been wider than those of lower-rated loans or unsecured high yield bonds.⁶ This had only happened once before in the last eight years (briefly during the 2020 COVID crisis) and led us to predict a positive fund performance in the second half of 2023, notwithstanding the returns already achieved in the first half of the year. The Fund has delivered another strong performance in November and although European BBB CLO spreads are now slightly tighter than loans, it is worth noting that European BBB CLO spreads are still within the 78th percentile historically and continue to be wider than those of lower-rated high yield bonds (vs. a long-term average of 70 bps tighter).⁶ We therefore continue to believe that despite the +15.7% year-to-date fund performance, CLO mezzanine debt offers a very attractive investment opportunity.

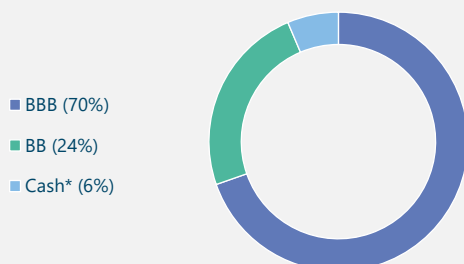
Top 5 positions⁹

Deal name	Rating (M/S/F)	CLO manager	% of NAV
OCPE 2017-2X D	Baa2/BBB/NR	Onex	2.4%
ARESE 9X D	Baa2/BBB/NR	Ares	2.2%
WILPK 1X C	Baa2/NR/BBB	Blackstone	2.1%
OHECP 2018-7X D	Baa3/NR/BBB-	Oak Hill	2.0%
PLMER 2022-1X D	Baa3/BBB/NR	Palmer Square	2.0%

TOTAL NUMBER OF ISSUERS IN THE PORTFOLIO: 1,192

LARGEST LOAN ISSUER (% MARKET VALUE): 1.17%

Rating breakdown^{9,10}



*Cash and cash equivalents.

Fund facts

Data as of 30-Nov-23

Legal structure Luxembourg SICAV-Alpha UCITS SICAV

Domicile Luxembourg

Launch date 13-Sep-16

Fund size €404.7m

Dealing Daily

Valuations Daily dealing NAVs

Target gross return⁷ Euribor + 5% p.a.
(see share class KIIDS for TER details)

Base currency EUR

SFDR classification⁸ Article 8

Investment manager Fair Oaks Capital Limited ("Fair Oaks")

Management company Waystone Management Company S.A.

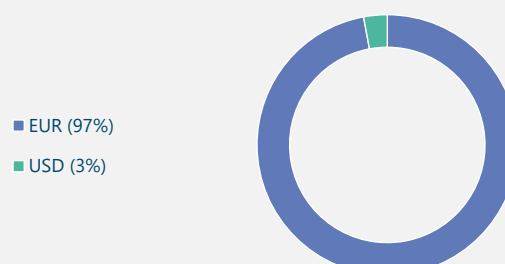
Administrator / custodian RBC Investor Services Bank S.A.

Auditor Deloitte Audit Sàrl

Portfolio metrics

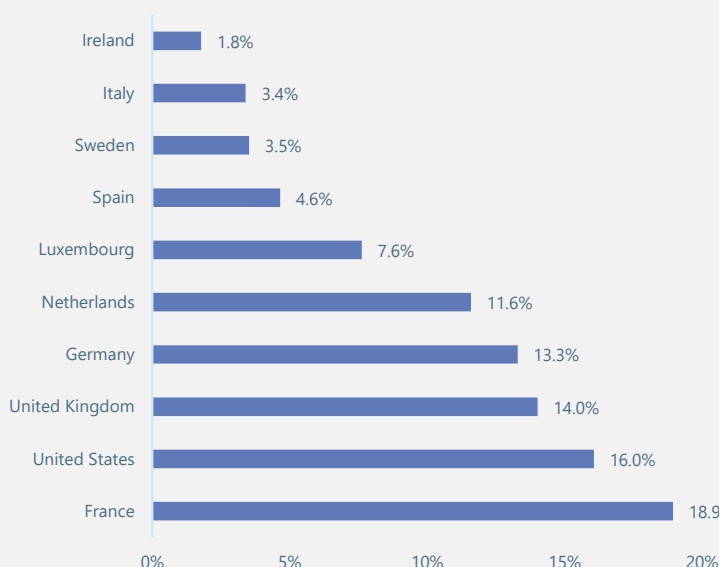
Number of positions:	98
Yield to maturity ¹¹ : (based on expected average life of 5.2 years)	+8.4%
Yield to expected call ¹¹ : (based on expected average life of 2.1 years)	+10.9%
Floating rate:	100%

Currency breakdown^{9,10}

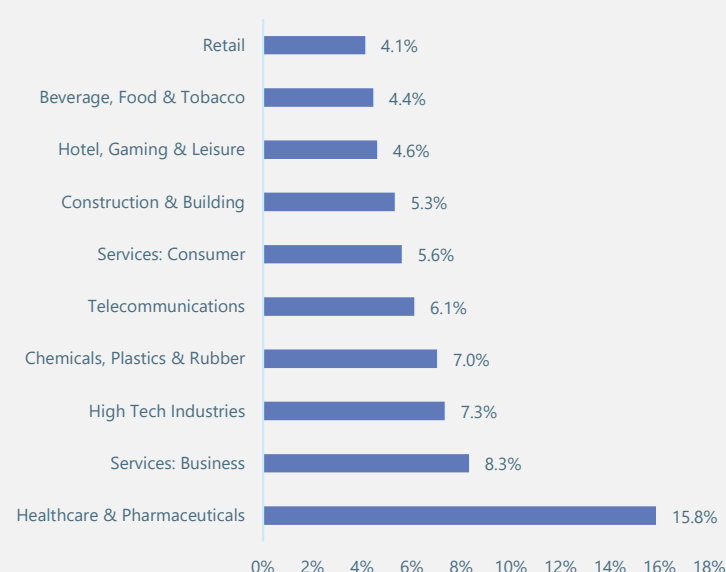




Look-through geographic breakdown (top 10)¹²



Look-through industry diversification (top 10)^{12,13}



Monthly performance¹⁴

											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	Oct-23	Nov-23		2023		ITD	
+4.40%	+0.99%	-2.10%	+2.88%	0.00%	+1.55%	+3.08%	+1.36%	-0.03%	-0.26%	+3.02%		+15.74%		+19.06%	
Maximum weekly return:											+9.51%				
Largest weekly drawdown:											-15.16%				
											% Positive or unchanged weeks:				
											+71.51%				
											Average weekly return (positive or unchanged weeks):				
											+0.39%				
											Average weekly return (negative weeks):				
											-0.79%				

Contact information



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Signatory of:





Share class performance¹⁵

	LAUNCH DATE	ISIN	BLOOMBERG TICKER	NAV (30-Nov-23)	TOTAL RETURN MONTHLY	TOTAL RETURN 2023 YTD	ANNUALISED RETURN (SINCE CLASS LAUNCH)	ANNUALISED DAILY VOLATILITY (SINCE CLASS LAUNCH)
Class A CHF	Feb-20	LU1344615353	FODCFAC	1,012.48	+2.78%	+12.89%	+0.33%	11.57%
Class A EUR	Aug-17	LU1344614893	FODCFAE	1,097.12	+2.89%	+15.05%	+1.48%	9.00%
Class A GBP	Dec-17	LU1344615270	FODCFAG	1,130.15	+2.91%	+16.45%	+2.07%	9.34%
Class A USD	Aug-19	LU1344615197	FODCFAU	1,165.80	+3.11%	+19.13%	+3.62%	10.83%
Class A2 EUR	Nov-23	LU1758468752	FODCA2E	-	-	-	-	-
Class A2 GBP	Nov-23	LU1758468919	FODCA2G	-	-	-	-	-
Class D ILS	May-17	LU1577731786	FODCFDS	5,499.39	+2.61%	+14.86%	+1.47%	8.94%
Class E EUR	Sep-16	LU1344621674	FODCFEE	1,163.70	+2.99%	+15.41%	+2.13%	8.44%
Class E USD	Sep-16	LU1344621757	FODCFEU	1,331.15	+3.13%	+17.37%	+4.06%	8.54%
Class E2 GBP	Jun-17	LU1628743905	FODCE2G	943.41	+1.16%	+14.31%	+2.08%	9.01%
Class L EUR	Nov-18	LU1344622219	FODCFLE	1,082.93	+2.97%	+15.14%	+1.60%	10.11%
Class L USD	Feb-20	LU1344622300	FODCFU	1,109.20	+3.11%	+17.11%	+2.75%	11.54%
Class L2 GBP	Sep-17	LU1683328667	FODCL2G	944.94	+3.06%	+16.04%	+1.93%	9.15%
Class M EUR	Oct-16	LU1344623373	FODCFME	1,190.64	+3.02%	+15.74%	+2.47%	8.47%
Class N EUR	Dec-16	LU1539542248	FODCFNE	908.09	+2.99%	+15.07%	+1.95%	8.62%
Class O EUR	Mar-17	LU1570265261	FODCFOE	923.08	+2.97%	+14.78%	+1.19%	9.24%
Class Q SEK	Oct-18	LU1886619987	FODCFQS	10,837.51	+2.95%	+15.14%	+1.60%	10.11%
Class R EUR	Dec-19	LU1892529196	FODCFRE	1,036.73	+2.89%	+14.12%	+0.91%	11.31%
Class R USD	Dec-19	LU1892529279	FODCFRU	1,099.96	+3.02%	+16.11%	+2.43%	11.34%
Class S EUR	Sep-19	LU1892528388	FODCFSE	1,071.22	+2.97%	+15.10%	+1.67%	11.04%
Class S USD	Dec-19	LU1892528461	FODCFSU	1,143.31	+3.11%	+17.13%	+3.41%	11.30%

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 30-Nov-23.
- 3) JP Morgan Euro Loan Index. Data as at 30-Nov-23.
- 4) Pitchbook LCD. Default rate by principal value. Distress ratio by issuer count. Data as at 30-Nov-23.
- 5) Barclays, "Default outlook 2024: a shallow plateau", 03-Nov-23.
- 6) JP Morgan Secondary 2.0 EUR - CLO BBB Spread to 3M Euribor, JPMorgan Euro HY Summary Spread to Worst, JPMorgan European Loan Index Summary DM - Flat to Maturity. Data as at 30-Nov-23.
- 7) 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/>).
- 8) 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.
- 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) 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 30-Nov-23.
- 13) 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 30-Nov-23.
- 14) 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.
- 15) NAVs calculated net of fees. Performance information is not yet available for some share classes (Class A2 EUR, Class A2 GBP) as they do not have a full 12-month track record. Share classes R2 and S2 have not launched as of the reporting month.



Disclaimer

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