



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 0.26% in October,¹ outperforming the JP Morgan European High Yield Index (-0.41%)² and the European Leveraged Loan Index (-0.44%).³

The portfolio's gross yield to maturity is 9.4% and the gross yield to expected call is 12.7%. This compares to the yield to maturity of 8.3% for the JP Morgan European High Yield Index.²

The European loan default rate decreased from 1.27% to 1.26%, and the US loan default rate increased from 1.27% to 1.36% in October.⁴ The forward-looking distress ratio decreased from 4.52% to 4.49% in Europe and increased from 6.50% to 7.04% in the US.⁴

New issue CLO supply continued to be strong, despite the high cost of CLO liabilities. In October, the European market saw €2.7bn in new primary deals (YTD monthly average: €2.1bn), while the US market had 22 new deals totaling \$9.1bn (YTD monthly average: \$7.4bn).⁵ Continuous CLO mezzanine supply has effectively created a floor on spreads in the short-term. While AAA CLO primary spreads remained relatively stable (widening by 2 bps in Europe and unchanged in the US), BBB CLO primary spreads widened by 50 bps in Europe and 63 bps in the US in October.⁶

We continue to believe that floating-rate senior secured assets offer an attractive investment opportunity in a market environment characterized by higher-for-longer rates and a preference for conservative risk positioning. While appetite from private credit continues to be very strong and may reduce issuance volume of broadly syndicated loans, a potential silver lining for the broadly syndicated loan market is lower-than-expected defaults as some stressed borrowers refinance with private credit. With private credit's pricing experiencing downward pressure and covenants being weakened, the liquidity and rating agency oversight offered by broadly syndicated loans should not be ignored.

European BBB CLOs offer exposure to highly-diversified, transparent portfolios of broadly syndicated loans, while enjoying the protection offered by junior CLO tranches, which removes or largely reduces the exposure to idiosyncratic defaults. Furthermore, European BBB CLO spreads continue to be higher than those of the underlying sub-investment grade loans or unsecured high yield bonds, an event which, until May 2023 had only happened once during the last eight years (in March 2020).⁷ We continue to believe that CLO mezzanine debt offers a compelling risk-adjusted investment opportunity.

Top 5 positions¹⁰

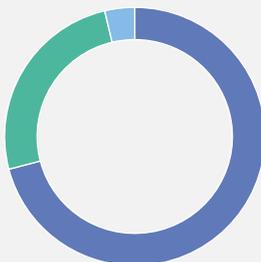
Deal name	Rating (M/S/F)	CLO manager	% of NAV
OCPE 2017-2X D	Baa2/BBB/NR	Onex	2.6%
ARESE 9X D	Baa2/BBB/NR	Ares	2.4%
WILPK 1X C	Baa2/NR/BBB	Blackstone	2.3%
PLMER 2022-1X D	Baa3/BBB/NR	Palmer Square	2.1%
OHECP 2018-7X D	Baa3/NR/BBB-	Oak Hill	2.1%

TOTAL NUMBER OF ISSUERS IN THE PORTFOLIO: 1,192

LARGEST LOAN ISSUER (% MARKET VALUE): 1.18%

Rating breakdown^{10,11}

- BBB (71%)
- BB (25%)
- Cash* (4%)



*Cash and cash equivalents.

Fund facts

Data as of 31-Oct-23

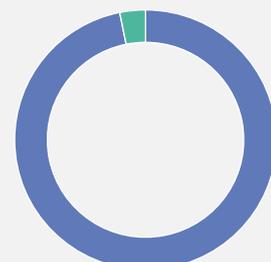
Legal structure	Luxembourg SICAV-Alpha UCITS SICAV
Domicile	Luxembourg
Launch date	13-Sep-16
Fund size	€365.1m
Dealing	Daily
Valuations	Daily dealing NAVs
Target gross return ⁸	Euribor + 5% p.a. (see share class KIIDS for TER details)
Base currency	EUR
SFDR classification ⁹	Article 8
Investment manager	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:	92
Yield to maturity ¹² : (based on expected average life of 5.3 years)	+9.4%
Yield to expected call ¹² : (based on expected average life of 2.1 years)	+12.7%
Floating rate:	100%

Currency breakdown^{10,11}

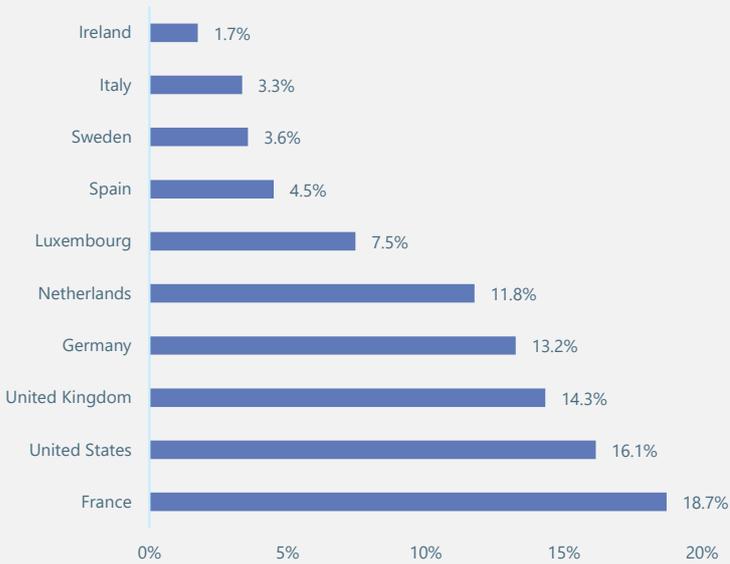
- EUR (97%)
- USD (3%)



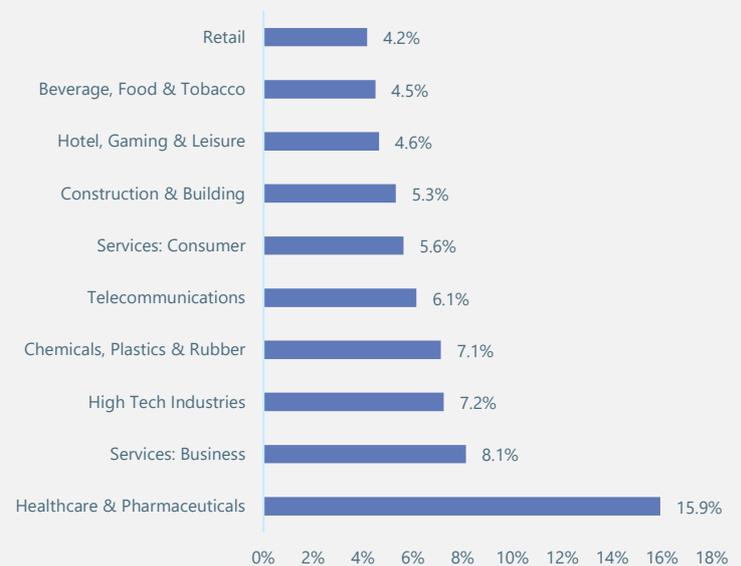
Please refer to the footnotes for the important information on page 3. Past performance is no indication of future results. Inherent in any investment is the potential for loss. Class M is the initial share class of the Fund with the longest track record, but is no longer available for new investment.



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	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23							
+4.40%	+0.99%	-2.10%	+2.88%	0.00%	+1.55%	+3.08%	+1.36%	-0.03%	-0.26%							
															2023	ITD
															+12.35%	+15.58%

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

% Positive or unchanged weeks: +71.19%
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 performance¹⁶

	LAUNCH DATE	ISIN	BLOOMBERG TICKER	NAV (31-Oct-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	1,155.76	-0.26%	+12.35%	+2.07%	8.50%
Class E EUR	Sep-16	LU1344621674	FODCFEE	1,129.87	-0.28%	+12.05%	+1.73%	8.48%
Class L EUR	Nov-18	LU1344622219	FODCFLE	1,051.67	-0.30%	+11.82%	+1.03%	10.18%
Class A EUR	Aug-17	LU1344614893	FODCFAE	1,066.26	-0.30%	+11.82%	+1.04%	9.04%
Class N EUR	Dec-16	LU1539542248	FODCFNE	881.68	-0.28%	+11.88%	+1.62%	8.66%
Class O EUR	Mar-17	LU1570265261	FODCFOE	896.42	-0.30%	+11.61%	+0.82%	9.29%
Class R EUR	Dec-19	LU1892529196	FODCFRE	1,007.61	-0.39%	+10.91%	+0.20%	11.41%
Class S EUR	Sep-19	LU1892528388	FODCFSE	1,040.33	-0.31%	+11.78%	+0.97%	11.13%
Class E2 GBP	Jun-17	LU1628743905	FODCE2G	932.57	-0.17%	+13.05%	+1.96%	9.03%
Class L2 GBP	Sep-17	LU1683328667	FODCL2G	916.92	-0.17%	+12.78%	+1.54%	9.20%
Class A GBP	Dec-17	LU1344615270	FODCFAG	1,098.21	-0.19%	+13.15%	+1.61%	9.40%
Class E USD	Sep-16	LU1344621757	FODCFEU	1,290.79	-0.16%	+13.81%	+3.66%	8.57%
Class L USD	Feb-20	LU1344622300	FODCFU	1,075.77	-0.18%	+13.58%	+1.98%	11.65%
Class A USD	Aug-19	LU1344615197	FODCAU	1,130.68	-0.18%	+15.54%	+2.95%	10.92%
Class R USD	Dec-19	LU1892529279	FODCFRU	1,067.68	-0.26%	+12.70%	+1.70%	11.44%
Class S USD	Dec-19	LU1892528461	FODCFSU	1,108.86	-0.18%	+13.60%	+2.68%	11.40%
Class A CHF	Feb-20	LU1344615353	FODCFAC	985.10	-0.52%	+9.83%	-0.40%	11.68%
Class D ILS	May-17	LU1577731786	FODCFDS	5,359.61	-0.32%	+11.94%	+1.09%	8.98%
Class Q SEK	Oct-18	LU1886619987	FODCFQS	10,527.26	-0.29%	+11.84%	+1.03%	10.17%

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 31-Oct-23.
- 3) JP Morgan Euro Loan Index. Data as at 31-Oct-23.
- 4) Pitchbook LCD. Default rate by principal value. Distress ratio by issuer count. Data as at 31-Oct-23.
- 5) Pitchbook LCD. Excludes resets and refinancings. Only actively managed BSL. Data as at 31-Oct-23.
- 6) JP Morgan primary spreads to 3M Euribor/SOFR. Data as at 31-Oct-23.
- 7) 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 31-Oct-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 31-Oct-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-Oct-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.

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