



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 net return of +1.04% in April.¹ The JP Morgan European High Yield Index returned +0.11%² and the European Leveraged Loan Index returned +0.86% in the month.³

The portfolio's gross yield to maturity is 7.1% and the gross yield to expected call is 7.7%. This compares to the yield to maturity of 7.1% for the JP Morgan European High Yield Index.²

The European loan default rate decreased from 1.65% to 1.48% and the US loan default rate increased from 1.14% to 1.31% in April. The forward-looking distress ratio decreased from 2.78% to 2.48% in Europe and increased from 4.95% to 5.01% in the US.⁴

The Fund sold its remaining USD exposure and rotated into high quality European BBB CLO notes given fundamental quality, higher subordination and relative value (tier 1 primary BBB CLOs are pricing at E+375 in Europe, compared to S+345 in the US, despite the Libor/SOFR spread).⁵

Strong loan technicals (50% of the US loan index and 26% of the European loan index are trading above par)⁶ should support loan repricings, reducing interest costs and extending maturities further, both supportive of lower defaults in the future. Investors in loans, however, are likely to suffer negative portfolio selection and/or pressure on their income, as stronger companies refinance their loans.

Twelve European CLOs are currently considering a refinancing or liquidation,⁷ as loan repayments are reducing the size of older CLOs which have exited their reinvestment periods. While the gross issuance of European and US CLOs year to date has been €15.6bn and \$54.1bn, net issuance in both markets is less than €/\$5bn due to liquidations and deal amortisations.⁸

In a market environment characterized by higher-for-longer-rates and a preference for conservative risk positioning fuelled by high inflation and geopolitical tensions, floating-rate products are expected to continue to outperform fixed-rate assets. The strong demand for CLO debt continues to be supported by several factors, including the attractive carry, relative value and reduced prepayment risk (longer non-call periods, or prices below par, and fixed spreads over Euribor). This is demonstrated, for example, by CLO ETFs growing from \$6.2bn to \$10.0bn since the beginning of the year.⁹

Top 5 positions¹²

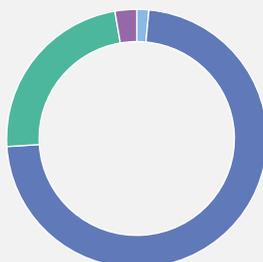
Deal name	Rating (M/S/F)	CLO manager	% of NAV
OCPE 2017-2X D	Baa2/BBB/NR	Onex	2.1%
ARESE 9X D	Baa2/BBB/NR	Ares	2.0%
WILPK 1X C	Baa2/NR/BBB	Blackstone	1.9%
NEUBE 2021-2X D	Baa3/BBB/NR	Neuberger Berman	1.9%
SNDPE 6X D	Baa3/NR/BBB-	Sound Point	1.8%

TOTAL NUMBER OF ISSUERS IN THE PORTFOLIO: 622

LARGEST LOAN ISSUER (% MARKET VALUE): 1.26%

Rating breakdown^{12,13}

- A (1%)
- BBB (73%)
- BB (23%)
- Cash* (3%)



*Cash and cash equivalents.

Fund facts

Data as of 30-Apr-24

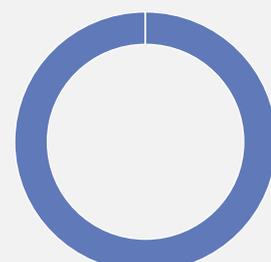
Legal structure	Luxembourg SICAV-Alpha UCITS SICAV
Domicile	Luxembourg
Launch date	13-Sep-16
Fund size	€468.8m
Dealing	Daily
Valuations	Daily dealing NAVs
Target gross return ¹⁰	Euribor + 5% p.a. (see share class KIIDS for TER details)
Base currency	EUR
SFDR classification ¹¹	Article 8
Investment manager	Fair Oaks Capital Limited ("Fair Oaks")
Management company	Waystone Management Company S.A.
Administrator / custodian	CACEIS Investor Services Bank S.A.
Auditor	Deloitte Audit Sàrl

Portfolio metrics

Number of positions:	109
Yield to maturity ¹⁴ : (based on expected average life of 5.2 years)	+7.1%
Yield to expected call ¹⁴ : (based on expected average life of 2.1 years)	+7.7%
Floating rate:	100%

Currency breakdown^{12,13}

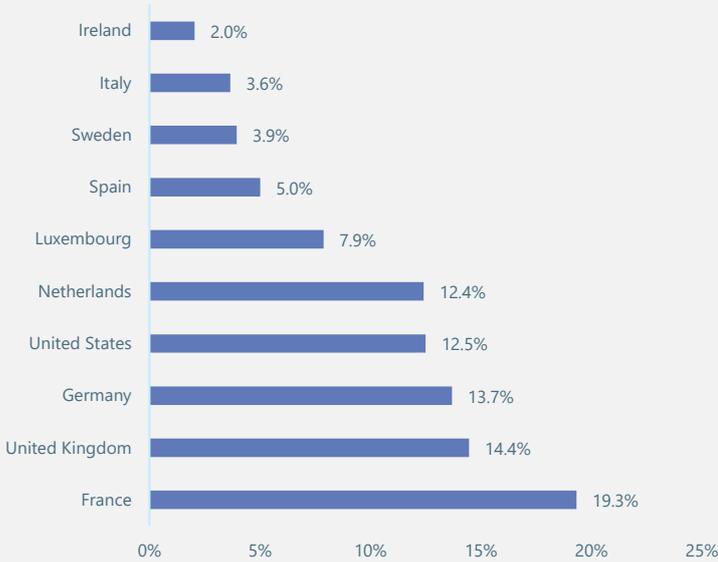
- EUR (100%)
- USD (0%)



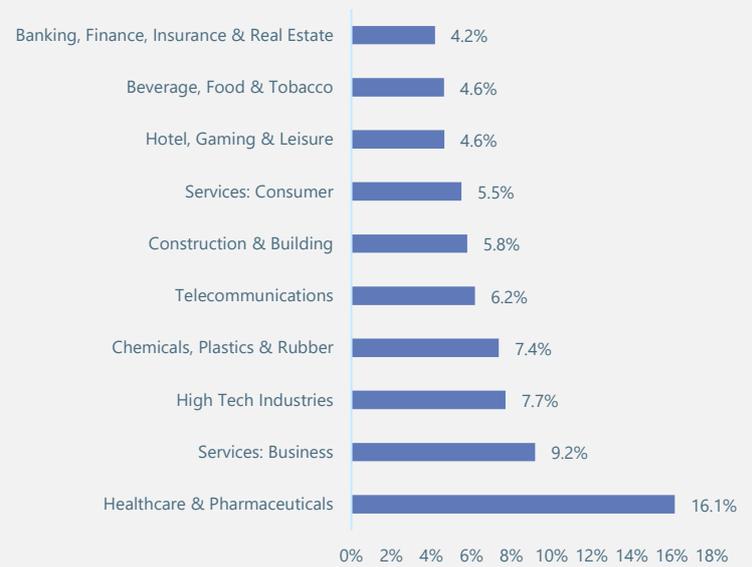
Please refer to the footnotes for the important information on page 3. Past performance is no indication of future results. Inherent in any investment is the potential for loss. Class M is the initial share class of the Fund with the longest track record, but is no longer available for new investment.



Look-through geographic breakdown (top 10)¹⁵



Look-through industry diversification (top 10)^{15,16}



Monthly performance¹⁷

												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	Dec-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%	+0.53%	+16.35%	+19.69%			
Jan-24	Feb-24	Mar-24	Apr-24									2024	ITD			
+4.68%	+0.90%	+0.72%	+1.04%									+7.49%	+28.65%			

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

% Positive or unchanged weeks: 73.06%
Average weekly return (positive or unchanged weeks): +0.39%
Average weekly return (negative weeks): -0.79%

Contact information





Share class performance¹⁸

	LAUNCH DATE	ISIN	BLOOMBERG TICKER	NAV (30-Apr-24)	TOTAL RETURN MONTHLY	TOTAL RETURN 2024 YTD	ANNUALISED RETURN (SINCE CLASS LAUNCH)	ANNUALISED DAILY VOLATILITY (SINCE CLASS LAUNCH)
Class A CHF	Feb-20	LU1344615353	FODCFAC	1,073.68	+0.68%	+5.76%	+1.70%	11.01%
Class A EUR	Aug-17	LU1344614893	FODCFAE	1,175.56	+0.92%	+6.66%	+2.43%	8.73%
Class A GBP	Dec-17	LU1344615270	FODCFAG	1,216.90	+1.02%	+7.08%	+3.13%	9.05%
Class A USD	Aug-19	LU1344615197	FODCFAU	1,248.28	+1.03%	+6.42%	+4.80%	10.38%
Class A2 EUR	Nov-23	LU1758468752	FODCA2E	-	-	-	-	-
Class A2 GBP	Nov-23	LU1758468919	FODCA2G	-	-	-	-	-
Class D ILS	May-17	LU1577731786	FODCFDS	5,878.66	+0.83%	+6.46%	+2.36%	8.68%
Class E EUR	Sep-16	LU1344621674	FODCFEE	1,255.81	+1.01%	+7.38%	+3.04%	8.23%
Class E USD	Sep-16	LU1344621757	FODCFEU	1,444.63	+1.11%	+7.84%	+4.96%	8.32%
Class E2 GBP	Jun-17	LU1628743905	FODCE2G	990.57	+1.09%	+7.73%	+2.95%	8.76%
Class K EUR	Apr-24	LU2605922207	FODCKEU	-	-	-	-	-
Class L EUR	Nov-18	LU1344622219	FODCFLE	1,167.44	+0.99%	+7.29%	+2.90%	9.74%
Class L USD	Feb-20	LU1344622300	FODCFLU	1,202.67	+1.10%	+7.77%	+4.46%	10.99%
Class L2 GBP	Sep-17	LU1683328667	FODCL2G	986.35	+1.07%	+7.63%	+2.85%	8.89%
Class M EUR	Oct-16	LU1344623373	FODCFME	1,286.51	+1.04%	+7.49%	+3.39%	8.25%
Class N EUR	Dec-16	LU1539542248	FODCFNE	937.56	+1.00%	+7.34%	+2.67%	8.40%
Class O EUR	Mar-17	LU1570265261	FODCFOE	995.10	+0.99%	+7.29%	+2.03%	8.99%
Class Q SEK	Oct-18	LU1886619987	FODCFQS	11,675.09	+0.98%	+7.26%	+2.86%	9.74%
Class R EUR	Dec-19	LU1892529196	FODCFRE	1,113.05	+0.90%	+6.93%	+2.47%	10.79%
Class R USD	Dec-19	LU1892529279	FODCFRU	1,187.64	+1.00%	+7.40%	+4.00%	10.81%
Class S EUR	Sep-19	LU1892528388	FODCFSE	1,154.59	+0.98%	+7.27%	+3.19%	10.55%
Class S USD	Dec-19	LU1892528461	FODCFSU	1,239.57	+1.09%	+7.76%	+5.00%	10.78%

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-Apr-24.
- 3) JP Morgan Euro Loan Index. Data as at 30-Apr-24.
- 4) Pitchbook LCD. Default rate by principal value. Distress ratio by issuer count. Data as at 30-Apr-24.
- 5) Fair Oaks Capital as at 30-Apr-24.
- 6) Pitchbook LCD as at 30-Apr-24.
- 7) CreditSights as at 30-Apr-24.
- 8) Pitchbook LCD as at 30-Apr-24. Only actively managed BSL CLOs. Excludes resets and refinancings.
- 9) Bloomberg as at 30-Apr-24.
- 10) 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/>).
- 11) 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.
- 12) Based on the current valuation of the assets in the Fund's base currency at month-end.
- 13) Due to rounding errors, the percentages may not sum to 100%. Currency breakdown of CLO investments excludes cash balance.
- 14) 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.
- 15) Intex. 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. Data as of 30-Apr-24.
- 16) Based on available Moody's classification of the loan issuers. This analysis excludes recent purchases that have not settled in the reporting month. Data as of 30-Apr-24.
- 17) 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.
- 18) 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

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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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.

Contact information



FAIR OAKS
CAPITAL

1 Old Queen Street
London SW1H 9JA
IR@fairoakscap.com

Signatory of:

