

Theta Distressed Credit Opportunities Pool – TDCOP

31 July 2023

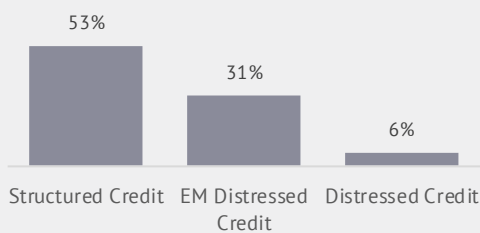
Fund Characteristics

Fund AuM	\$47,413,277
Strategy AuM (rounded) <sup>1</sup>	\$102,000,000
Number of holdings	5
Top Holding	31%

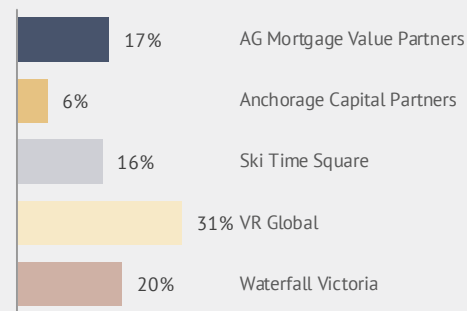
Performance (net of fees)

	NAV	MTD	YTD
Class A	\$1,189.15	0.82%	0.42%
Class B	\$1,168.21	0.80%	0.26%

Strategy Breakdown (% NAV)



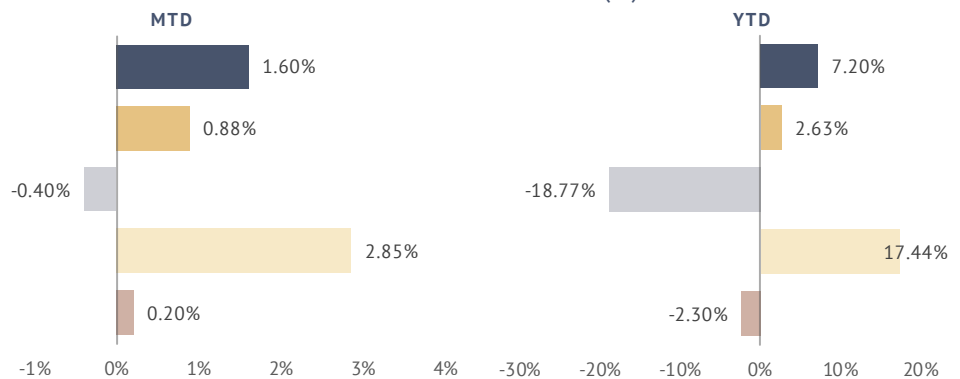
Portfolio Breakdown (% NAV)



Monthly Update

TDCOP returned +0.82% in July and +0.42% year-to-date. The HFRX Global Index returned +0.52% and +1.14% year-to-date. The High Yield Corporate Bond ETF returned +1.12% (+5.56% YTD). Since inception, TDCOP has held very steady, returning +5.78% annualized, while the HFRX Global Index returned +2.60% and the HY ETF +2.34%. In July, we observed a notable shift: there were only 10 corporate bankruptcies, marking the first month in this year where we've seen a decrease month-over-month. To put this in context, the average monthly bankruptcies for the first half of the year stood at 18, which is considerably higher than the 20-year monthly average of 11. Given the higher bankruptcy rate this year, conventional wisdom would suggest that credit spreads would be widening. Surprisingly, that's not the case. Throughout this year, credit spreads—both in IG and HY, and spanning both US and EU markets—have been tightening. July was no exception to this trend. From our perspective, if the above-average bankruptcy rate continues, we anticipate that credit spreads will eventually widen. This scenario aligns favorably with TDCOP's strategy. VR Global (+2.85%) had another great month with both strategies in Argentina and Ukraine registering gains. Other parts of the strategy, including sovereign debt in Sri Lanka, Pakistan and El Salvador, as well as banks in Greece and Cyprus also contributed to the positive results. AG MVP (+1.60%) moved higher as a result from positive carry and mark-to-market gains in ABS and RMBS. Waterfall Victoria (+0.20%) gained slightly through residential and commercial real estate credit but has lower expectations for home price appreciation through increased supply and lower affordability. While for the month STS was flattish (-0.40%), the fund has been the one detractor year to date with a loss of -19%, driven by the fund's hedge book. The hedges have helped the manager in 2022 and caused spectacular performance in 2020 when covid struck, those same hedges have recently been a big drag to performance. Going forward there is limited scope for negative impact from these hedges, while the fund's long book holds a lot of upside potential. If the investment environment deteriorates sharply though, we take comfort from the fact that those hedges will still be there to protect us.

Performance Breakdown (%)<sup>2</sup>



Fund Return Statistics (since inception)

USD	Annualised returns	Annualised st. dev.	Risk-adjusted return <sup>3</sup>	Best monthly return	Positive months	S&P500 Beta
Class A	5.78%	3.76%	1.54	2.69%	75.68%	-0.01
Class B	5.17%	3.66%	1.41	2.52%	75.68%	-0.01
HFRX <sup>4</sup>	2.60%	3.68%	0.71	2.82%	54.05%	0.14
iShares HY ETF	2.34%	9.32%	0.25	6.69%	54.05%	0.43

Monthly Fund Returns (net of fees, USD)

Class A	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	HFRX <sup>4</sup>
2020							0.91%	1.44%	0.34%	0.60%	1.58%	2.51%	7.59%	7.98%
2021	2.01%	1.09%	0.81%	1.44%	2.69%	0.53%	0.78%	0.62%	0.69%	0.59%	0.06%	0.03%	11.91%	3.65%
2022	0.21%	-2.06%	0.28%	0.97%	-0.47%	-0.54%	-2.13%	1.64%	0.35%	-1.73%	0.55%	1.36%	-1.65%	-3.52%
2023	-0.23%	0.28%	-0.31%	-1.04%	-0.05%	0.97%	0.82%						0.42%	1.14%

Class B	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	HFRX <sup>4</sup>
2020							0.83%	1.34%	0.29%	0.55%	1.46%	2.35%	7.01%	7.98%
2021	1.87%	1.00%	0.74%	1.34%	2.52%	0.47%	0.71%	0.59%	0.66%	0.57%	0.05%	0.02%	11.03%	3.65%
2022	0.18%	-2.08%	0.25%	0.95%	-0.49%	-0.57%	-2.15%	1.62%	0.32%	-1.75%	0.53%	1.34%	-1.93%	-3.52%
2023	-0.26%	0.25%	-0.34%	-1.06%	-0.07%	0.94%	0.80%						0.26%	1.14%

<sup>1</sup>Rounded- includes assets in Theta Capital managed accounts.  
<sup>2</sup>Returns gross of Theta fees, net of underlying manager fees.  
<sup>3</sup>Annualised returns divided by annualised standard deviation with data since inception.  
<sup>4</sup>Reference index = HFRX Global Hedge Fund Index.

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**Fund Strategy & Description**

TDCOP will allocate to 4-8 specialist managers at any time, depending on the evolving opportunity set, with a focus on investing in dislocated credit instruments, distressed debt and restructuring opportunities. TDCOP will allocate to managers in the structured, corporate and sovereign credit space in both developed and emerging markets that have the experience and infrastructure to capitalize on the increased volatility and dispersion in markets, as well as anticipated restructurings and liquidations. Attractive investment opportunities have been limited for distressed credit managers in recent years. We have used this period to secure capacity with the best managers who have been closed to new capital but are now opening-up to capitalize on the suddenly vastly expanded opportunity set.

**Co-Investment**

Theta Capital Management presented qualified investors to join a co-investment in ZAIS Zephyr 7 Fund per October 1<sup>st</sup> 2020. The investment provided a highly attractive opportunity to invest in CLO tranches at dislocated prices. It was directly offered to qualified investors as the co-investment did not fit the liquidity structure of TDCOP. As of December 2021, the investment has been fully returned to investors and has generated a net IRR of 39% (excluding fees charged by Theta Capital Management) over a 14 month period.

**Product characteristics**

Fund Terms		Management & Administration	
Fund Inception	July 2020	Fund Structure	Common Contractual Fund (Fonds voor Gemene Rekening (FGR))
Currency	USD	Management Company	Theta Fund Management B.V.
Subscriptions	Monthly	Administrator	Apex Fund Services (Netherlands) B.V.
Redemptions	Quarterly, 90 days' notice	Depository	Northern Trust Global Services SE
Gate	25% investor-level gate	Gate	25% investor-level gate
Hard Lock-up	2-year (Class A), 1-year (Class B)	Legal Owner	Stichting Juridisch Eigenaar TDCOP
Management Fee	0.35% (Class A), 0.625% (Class B)	Auditor	RSM Netherlands B.V.
Performance Fee	5% (Class A), 7.5% (Class B)	Legal & Tax Counsel	Greenberg Traurig, LLP
Hurdle	5%	<b>Investor Relations</b>	
High-Water Mark	Yes	Email	<a href="mailto:investor@thetacapital.com">investor@thetacapital.com</a>
Minimum Investment	USD5mln (Class A), USD120k (Class B)	Website	<a href="http://www.thetacapital.com">www.thetacapital.com</a>
		Phone	+31 20 57 227 32
		Address	Concertgebouwplein 19, 1071 LM, Amsterdam

**Disclaimer**

Theta Distressed Credit Opportunities Pool – TDCOP (the "Fund"), is domiciled in The Netherlands. Theta Fund Management B.V. (Theta) is the management company of the Fund a 100% subsidiary of Theta Capital Management B.V. Theta is authorised as a management company and regulated by the Dutch regulator Autoriteit Financiële Markten. The Fund is registered under the license of Theta at the Autoriteit Financiële Markten. The shares of the Fund are admitted for (public) offering in The Netherlands. The information in this document provides insufficient information for an investment decision. Please read the Key Information Document (only for the Netherlands) and the prospectus. These documents of the Fund are available on the website of Theta ([www.thetacapital.com](http://www.thetacapital.com)). The value of your investment may fluctuate. Past performance provides no guarantee for the future.

