

Theta Distressed Credit Opportunities Pool – TDCOP US\$ share classes

30 Apr 2023

Monthly Commentary

TDCOP returned -1.06% in April and -1.40% year-to-date. The global aggregate bond index returned +0.44% and developed market equities gained +1.80% for the month. Fund 2 was the largest contributor driven by gains in ABS and RMBS securities. Fund 3 suffered from lower volatility which had a significant impact on the hedge book, while fund 4 lost on the reverse mortgages as spreads widened. Credit fundamentals weakened in April with four US loan defaults (17 year-to-date). The number of defaults in 2023 has already surpassed the whole of last year, pushing the loan default rate up to 2.1%. Lenders are no longer providing fresh liquidity to zombie firms across sectors such as commercial real estate and retail. Credit conditions have generally tightened following the regional banking crisis in March and with regional banks accounting for about 40% of the commercial real estate lending source, it could create additional supply of CRE related assets. Even before the crisis started, fundamentals in the sector appeared to have been deteriorating. Together with tighter lending standards, the Fed seems to be slowly approaching their goal of halting inflation by pressuring economies that have grown rapidly over the past 10 years. And with the first cracks coming to light, the distressed credit space is becoming even more attractive. TDCOP is strategically positioned to capitalize on this long-awaited distressed cycle, which we expect to unfold over the next few quarters.

Fund Characteristics

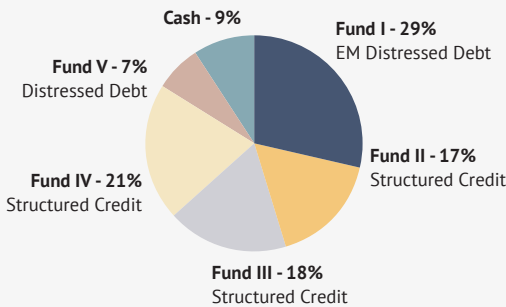
Fund AuM	\$46,739,575.00
Strategy AuM (rounded*)	\$101,000,000.00
Number of holdings	5
Top holding	29%
Top 5 holdings	91%

NAV & MTD performance (net of fees)

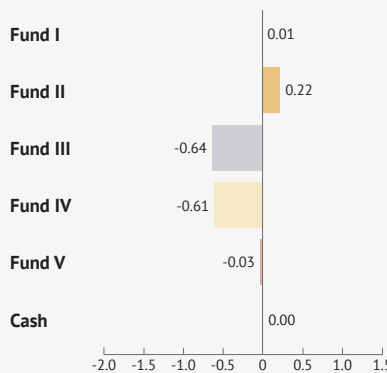
Class A	\$1,168.75	-1.04%
Class B	\$1,148.95	-1.06%

\*Rounded- includes assets in Theta Capital managed accounts

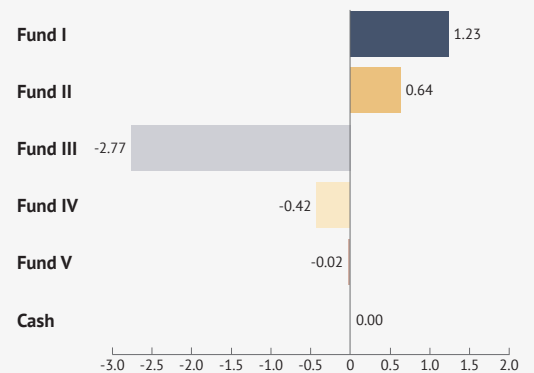
Strategy breakdown



Strategy contribution (MTD, %)



Strategy contribution (YTD, %)



Statistics (since inception)

Returns (%)	Annualised returns	Annualised St. Dev.	Risk-adjusted return*	Best monthly return %	Positive months %
Class A	5.66%	3.89%	1.45	2.69%	76.5%
Class B	5.02%	3.79%	1.32	2.52%	76.5%
HRFX <sup>2</sup>	2.30%	3.82%	0.60	2.82%	50.0%

\*Annualised returns divided by annualised standard deviation with data since inception

Monthly Fund<sup>1</sup> returns (net of fees, USD)

Class A	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	HRFX <sup>2</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%									-1.30%	0.33%

1) Fund = Theta Distressed Credit Opportunity Pool Class A  
2) Reference index = HFRX Global Hedge Fund Index

Class B	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	HRFX <sup>2</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%									-1.40%	0.33%

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**Co-Investment**

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

**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 and distressed debt and restructuring opportunities. TDCOP will allocate to managers in the structured credit, 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 debt 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.

**Subscriptions & Redemptions**

Base Currency	USD
Subscriptions Class A	Monthly, 5 business days
Subscriptions Class B	Monthly, 5 business days
Minimum Subscription Class A	USD 5.000.000
Minimum Subscription Class B	USD 120.000
Redemption Notice	Quarterly, 90 days
Investor-level Gate	25%
Lock up Class A	2 years
Lock up Class B	1 year

**Fees & Expenses**

Management Fee Class A	0.35%
Management Fee Class B	0.625%
Performance Fee Class A	5.0%
Performance Fee Class B	7.5%
Hurdle	5.0%

**Management & Administration**

Fund Structure	Fonds voor Gemene Rekening (FGR)
Management Company	Theta Fund Management B.V.
Administrator	Apex Fund Services (Netherlands) B.V.
Depository	Northern Trust Global Services
Legal Owner	Stichting Juridisch Eigenaar TDCOP
Auditor	RSM Netherlands B.V.
Legal & Tax Counsel	Greenberg Traurig, LLP

**Investor Relations**

E-mail	<a href="mailto:IR@thetacapital.com">IR@thetacapital.com</a>
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.

