

Current Investment Thesis

Returns

For the third quarter of 2021 TDCOP delivered returns of 2.09%¹. TDCOP is now up 19.59% since launch with an annualized return of 15.39% and has had no negative months so far, with significantly a better risk reward profile than the HFRX index.

Strategy

Overall performance is still strong. In this quarter, again, we saw returns being generated across all funds and sectors as the structured credit part of the book continued to play out well, as did the distressed managers.

Global equities closed modestly up on the quarter but experienced a volatile finish after a sharp bounce in rates in late September catalyzed a reversal in market leadership. Historically strong Q2 earnings, coupled with dwindling inflationary fears, propelled stocks higher in July and August. Growth, and particularly technology, led the charge as demand for inflation protection abated and Covid-sensitive/reflationary sectors broadly underperformed. Nevertheless, mounting concerns over peak earnings, global supply chain issues, and weakening consumer sentiment began to fuel de-risking behavior; investors added downside hedges and turned defensive in their sector/style allocations. This came to a head in September when global stocks experienced the sharpest selloff since March of 2020 as tech-heavy indices struggled to digest the unexpected increase in U.S. interest rates. Technical swings were compounded by a bout of fresh concerns in China related to regulatory crackdowns, energy limitations, the China Evergrande default, and localized Covid lockdowns. The velocity of the most recent rebound in rates, as well as the binary nature of the rotation in equity leadership, caused high internal dispersion at factor, sector and regional levels. When all was said and done, we witnessed a reintroduction of volatility across asset classes as markets reassessed the transitory inflation narrative and a softer earnings outlook. These dynamics favored pro-reflationary sectors such as energy and financials in the rotation and out of long-duration growth. Despite declining slightly, credit markets were relatively resilient late in the quarter as investors absorbed the rise in Treasury yields, turbulence in equities and concerns of a slowdown in the U.S. economic recovery. An insatiable demand for yield and strong fundamentals has driven high yield issuance towards a record year and well on course to surpass 2020's record of \$435 billion of high yield bond issuance. These same dynamics are providing support to credit spreads which, although incrementally wider over the course of the quarter, remain comfortably in the region of multi-year tight.

Corporate Credit led gains from additional positive developments across a variety of our underlying fund's largest process driven investments in both the U.S. and Europe. Structured Credit markets are benefitting from historically supportive financial conditions and fundamentals which has resulted in broad gains across collateral types and risk profiles. RMBS, which remains our largest exposure, led Structured Credit performance driven by strong housing demand, benign default rates, and persistently low interest rates.

Overall, we continue to maintain a constructive view for risk assets, albeit with more caution as potential risks begin to mount. This is evidenced in the underlying managers as they choose to implement hedges, monetise positions or rotate their portfolio. One of the topics that remains off the radar screen for many investors is the success that one of our managers has had with the restructuring of their provincial Argentinian debt exposure, which they have now successfully restructured and yield approximately 16-20%.

Co-investment update

For investors that were able to invest into the Zais Zephyr 7 co-investment there has been a significant update. The manager has decided to no longer call capital and keep the capital called at 80%. In addition, given that many of their positions have now reached price levels with limited price upside, the manager has decided to start returning capital. They have returned 58% of the capital and under normal circumstances expect to return the remaining capital over the next 6 months.

Funds – Performance Summary

Fund I - Emerging Markets Distressed Debt – Quarterly Return 0.63%

Fund II – Structured Credit – Quarterly Return 1.25%

Fund III – Structured Credit– Quarterly Return 0.39%

Fund IV – Structured Credit– Quarterly Return 1.00%

Fund V – Distressed Debt– Quarterly Return 0.58%



¹ All returns refer to Class A shares

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

30 September 2021

Fund Characteristics

Fund AuM	\$ 47,853,797.08
Strategy AuM*	\$ 80,500,000.00
Number of holdings	5
Top holding	20%
Top 5 holdings	100%

NAV & MTD performance (net of fees)

Class A US\$	\$ 1,195.86	0.69%
Class B US\$	\$ 1,180.57	0.66%

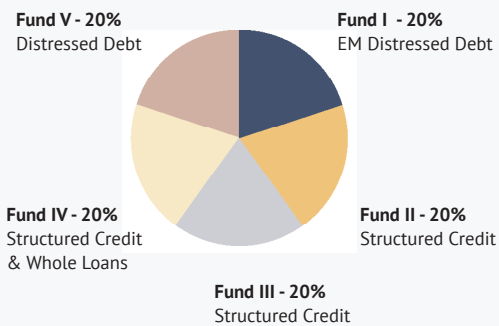
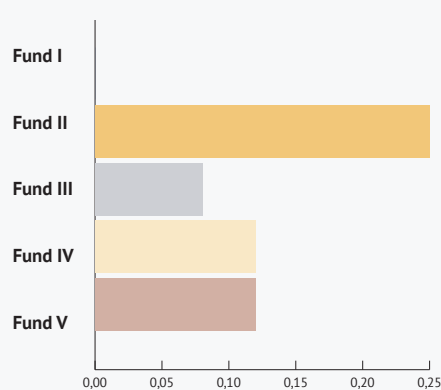
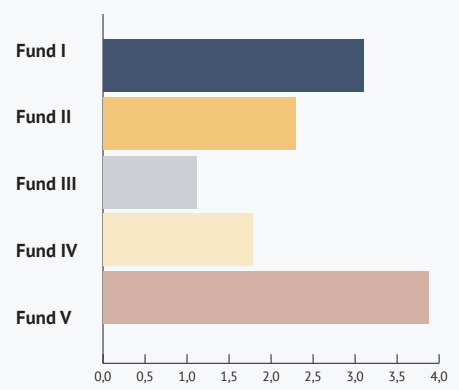
* Includes assets in Theta managed accounts

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.

Strategy breakdown

Strategy contribution (MTD, %)

Strategy contribution (YTD, %)

Returns (net of fees)

	Fund Class A	Fund Class B	HFRX
Annualized returns*	15.39%	14.20%	9.37%

Risk (Standard Deviation)

	Fund	HFRX
Annualized St. Dev.*	2.52%	4.09%

Sharpe Ratio

	Fund	HFRX
Sharpe Ratio*	6.10	2.29

Monthly Fund¹ returns (net of fees, USD)

Class A	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	HFRX ²
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%				11.15%	3.58%

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	HFRX ²
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%				10.32%	3.58%

Co-Investment Returns (net of fund fees, USD)

Co-Investment ¹	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD ²	IRR ²
2020										-0.20%	7.80%	3.30%	52.11%	64.44%
2021	3% ³	0.20%	-0.70%	2.40%	0.90%	0.30%	0.50%	0.30%	0.80%				7.91%	NA

1) Theta Capital Management offered investors to join a co-investment in ZAIS Zephyr 7 Fund per October 1st 2020. The investment offered a highly attractive opportunity to invest in CLO tranches at dislocated prices. It was offered as a co-investment directly into the fund as the liquidity structure of the investment did not fit TDCOP
2) Based on capital called
3) Monthly estimate which could be different from the official value calculated by the administrator. The final statement will be provided quarterly.

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%
Performance Fee Class B	7.5%
Hurdle	5%

Management & Administration

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

Investor Relations

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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).