

# Performance Update

March 2018 **Legends Fund -1.88%**

## Legends Fund Performance

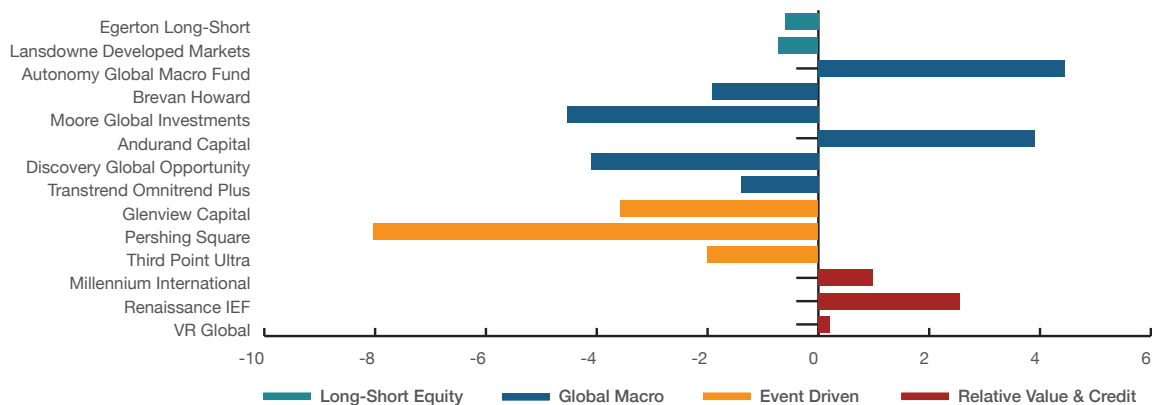
Slowly but surely we are entering a better investment environment for hedge funds. With the market cycle maturing, volatility is picking up and policy has started to benefit the real economy more than financial markets. Our managers see immense opportunity in the fact that current valuation spreads reflect almost the inverse of this outlook. The positive hedge fund sentiment is echoed in investor expectations. A Credit Suisse survey measured an expected return of hedge funds of 8.5% in 2018, the highest numbers since 2012. And so while real-money managers are curbing expectations in a world of normalizing rates and increased volatility, the outlook for hedge funds is brightening.

We saw this improved sentiment reflected in results by some of our managers over the first quarter. Long/short managers Egerton, Millennium and Renaissance were up over 5%, 4% and 2% respectively in Q1, against a negative market backdrop. And while global macro managers in March did give back a decent chunk of their early year gains, we do see the larger monthly swings as a confirmation of the improving opportunity set, which drives these managers to take considerably more risk than we have seen in recent years.

The root cause behind the negative result for March (-1.9%) and the first quarter overall (-2.4%) lies in the poor performance of a couple of individual funds such as Discovery Capital and Transtrend as well as the long-biased event driven bucket. We are reducing this event driven bucket as we expect performance for these funds to moderate with the cycle maturing. Also, they do introduce quite a chunk of equity market beta into the fund that we'd rather see lower in this environment. This will be mostly at the expense of our position in Glenview Capital. The fund did very well in 2017 (+24%), but contributes significant equity beta and we prefer to concentrate with funds that distinguish themselves through strong fundamental shorting skills. We do hold on to ThirdPoint in this bucket as Dan Loeb has a proven ability to nimbly adjust exposures and effectively steer his portfolio throughout the cycle. We also continue to hold conviction in Pershing Square where we have the benefit of the listed shares trading at a large discount to NAV and the manager addressing this in earnest.

In the macro bucket we have redeemed from Transtrend. One of the main advantages of a trend following strategy is protection in a situation of real capitulation in markets. While such an event could occur, we believe the current portfolio is positioned to withstand it and profit from its aftermath. And for the moment the fund also introduced significant long equity and bond beta as this is where the trends have been. We see better opportunities for absolute performance with our other managers.

## Results (%) per manager\* for March 2018



\* Managers that have a weighting of less than 5% due the building or exiting of a position are excluded.

## Results per Strategy

### Long/Short Equity

John Armitage's Egerton Long-Short Fund was down slightly in March, but ended the quarter at a solid +4.7%. Equity Shorts performed well in March but that was offset by losses on the long book. For the year both sides have contributed equally, a clear indication of improved stock picking opportunities. Lansdowne Developed Markets was also slightly down in March, and the fund is flat for the year. While Lansdowne, too, did well on the short side, the quarter's result was held down by losses in their European long book, most notably the UK.

### Relative Value, Quant & Credit

Izzy Englander's Millennium International gained 1% in March, resulting in a very strong quarter with 4.5% gains. Also here, we see a pick-up in the long and short alpha. This theme was also echoed by both Renaissance funds that performed well in March. The long-biased Renaissance Institutional Equities Fund (RIEF) was up 2% and the zero-beta Renaissance Institutional Diversified Global Equities Fund (RIDGE) was up 4.5%. Richard Deitz' VR Global was slightly up in March as well as for the quarter as a whole.

### Event Driven

Dan Loeb's Third Point Ultra Fund was down 2.0% in March and for the quarter as whole, a result not out of line with our expectations given the still long-biased stance of the manager. Bill Ackman's Pershing Square Holdings fared a little worse with a 2.9% down-month driven by losses in Mondelez, Restaurant Brands and the GSEs. What did hurt us more though was the 5% widening of the discount in the listed share Legends Fund owns. We do believe though that is an issue that Ackman is now addressing in earnest. At the AGM scheduled for April 24th investors will have the option to approve several adjustments to the fund structure allowing the listed fund to perform a USD 300mIn tender which we expect than to be followed by another 300mIn buying by Ackman and affiliated in the open market. This should provide significant support for the listed shares and could drive the current 23% discount significantly lower. Larry Robbins' Glenview Capital had a difficult March, down 3.5% as his predominantly long equity book suffered. DowDupont, Cigna and Flextronics were some of the main detractors. With the investment cycle maturing, we will be reducing our event driven bucket over the coming quarters. This should further reduce Legends Fund equity market sensitivity and allows us to focus on the areas where we see better opportunities.

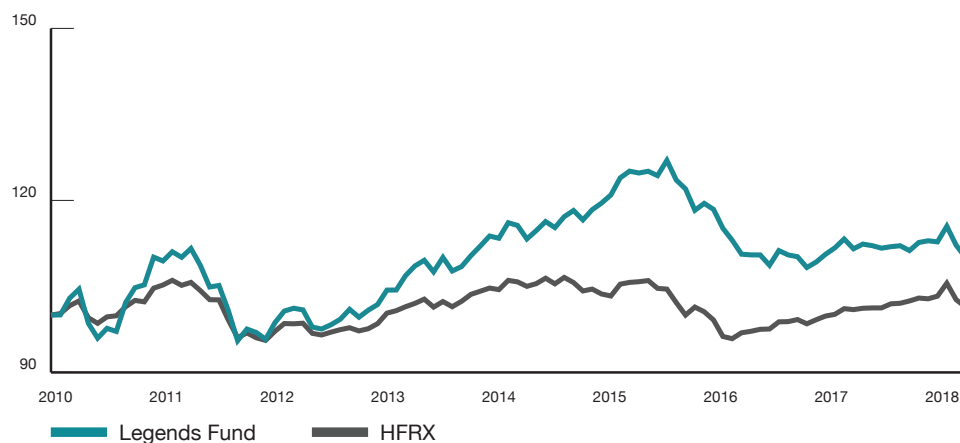
### Global Macro

The Global Macro strategy was mixed in January. The strongest performer in this bucket was Robert Gibbins' Autonomy Global Macro Fund gaining 4.5%. A 33% price gain in Puerto Rican General Obligation bonds and a stronger Mexican Peso drove performance. It puts Autonomy at a solid 6.6% gain for the first quarter. The other fund that made money in March was Pierre Andurand's Andurand Commodity Fund which was up 3.9% ending a difficult quarter in the oil market on a positive note. We are excited about the near-term prospects for Andurand as we see his view of sharply higher oil markets echoed by other smart

investors in the space. March was very tough for Louis Bacon's Moore Global Investments which was down 4.5% reducing the year-to-date gains to 1.6%. Alan Howard's Brevan Howard Fund gave up 1.9% in March and is back to flat for the year. We have put in a redemption for the remainder of our Brevan Howard holding as we continue to be concerned about organizational developments and are somewhat disappointed by the fund's limited gains earlier in this year when interest rates moved up markedly. Rob Citrone's Discovery Global Opportunity Fund has been Legends Fund's worst performer in Q1. The negative performance in March of -4.1% brought the total loss for this fund to almost 10%. The single main detractor has been the fund's position in preferred stock of Freddie Mac and Fannie Mae, a position the manager expects to reap great rewards from in the coming months. Transtrend Omnitrend Plus was down 1.4%, also closing out a difficult quarter at -8.8%. We completed our redemption of the fund per March 31st.

Returns (%)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Year	Index*
<b>2018</b>	2.41	-2.87	-1.88	-	-	-	-	-	-	-	-	-	<b>-2.40</b>	<b>-2.72</b>
<b>2017</b>	1.02	2.38	-1.51	0.74	-0.24	-0.39	0.23	0.14	-0.75	1.27	0.27	-0.17	<b>1.96</b>	<b>3.49</b>
<b>2016</b>	-2.78	-1.81	-2.16	-0.22	-0.01	-1.63	2.36	-0.68	-0.28	-1.71	0.88	1.23	<b>-6.63</b>	<b>0.70</b>
<b>2015</b>	1.19	2.46	0.95	-0.26	0.24	-0.61	2.14	-2.68	-1.27	-3.05	1.01	-0.87	<b>-0.90</b>	<b>-4.38</b>
<b>2014</b>	-0.33	2.39	-0.41	-2.03	1.28	1.37	-0.90	1.65	0.92	-1.39	1.53	0.99	<b>5.08</b>	<b>-0.98</b>
<b>2013</b>	2.47	0.01	2.41	1.57	0.91	-1.84	2.33	-2.14	0.72	1.75	1.51	1.56	<b>11.72</b>	<b>6.31</b>
<b>2012</b>	3.03	2.05	0.48	-0.27	-2.98	-0.34	0.75	0.98	1.74	-1.36	1.22	0.98	<b>6.33</b>	<b>3.05</b>
<b>2011</b>	-0.60	1.46	-0.86	1.39	-2.63	-3.48	0.25	-4.14	-5.23	2.12	-0.61	-1.22	<b>-13.01</b>	<b>-8.70</b>
<b>2010</b>	-	0.03	2.91	1.52	-5.67	-2.64	1.77	-0.54	5.19	2.53	0.47	4.58	<b>9.62</b>	<b>4.63</b>

\* HFRX Global Hedge Fund Index Hedged to EURO

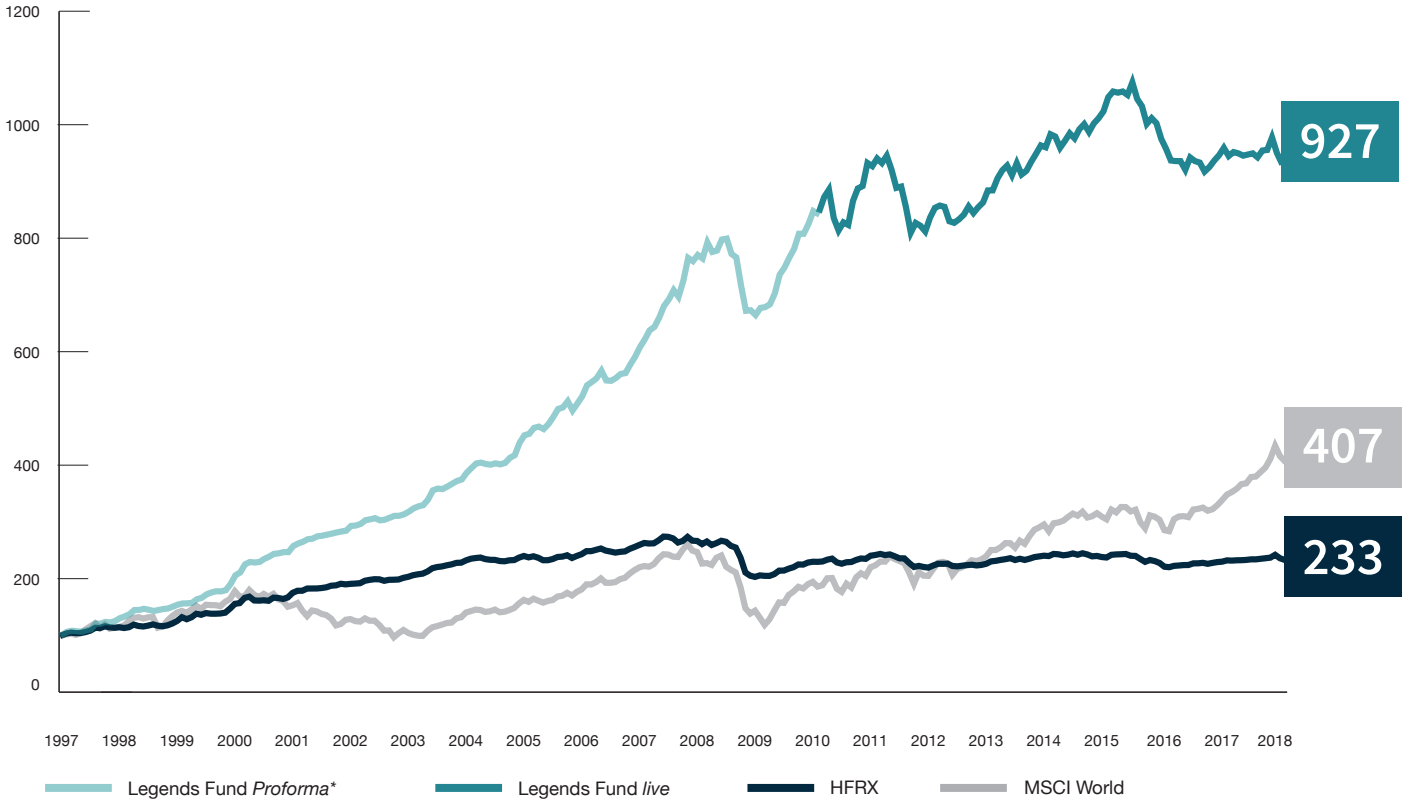


## Long Term Statistics (1997 – March 2018)

	Legends Fund*	HFRX Index	AEX Index	Govt. Bonds	MSCI World
Annual Return (%)	11.0	4.1	2.8	4.7	6.8
Annual Standard Deviation (%)	7.3	6.1	19.6	2.8	15.5
Sharpe Ratio	1.2	0.3	0.1	0.8	0.4
Maximum Loss (%)	-16.9	-25.9	-68.5	-3.4	-54.6
Beta to MSCI World	0.30	0.30	1.00	-	1.00

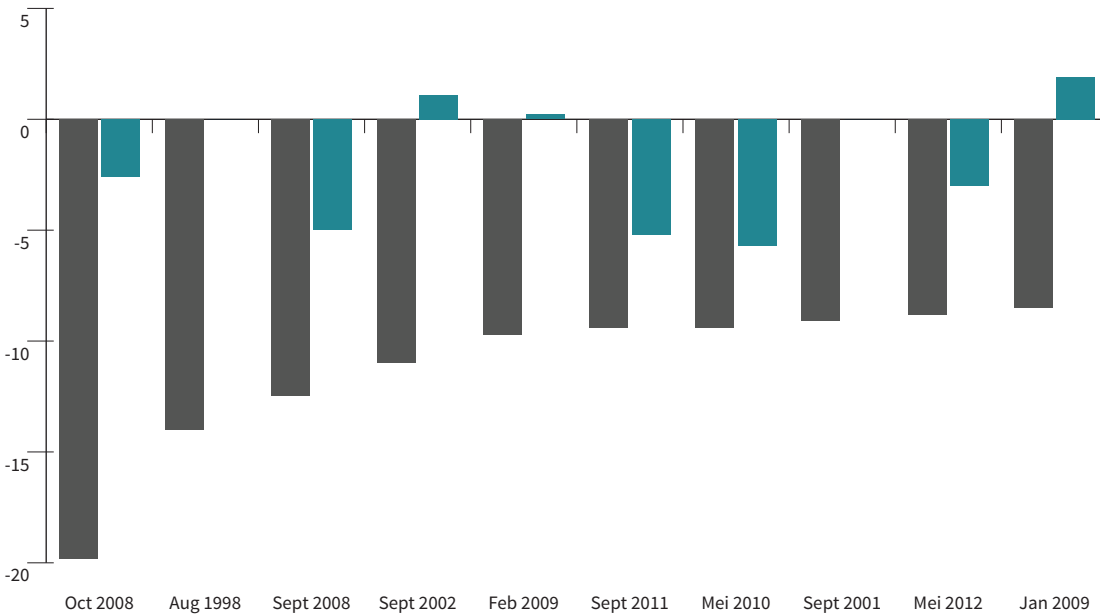
\* Until February 1, 2010, returns based on a pro-forma portfolio of Legends with current target weightings and net of Legends Fund fees. Live results from February 2010. Results prior to Feb 2010 are shown for illustrative purposes only.

The chart below shows the cumulative returns of the Legends portfolio since 1997.



\* Until February 1, 2010, returns based on a pro-forma portfolio of Legends with current target weightings and net of Legends Fund fees. Live results from February 2010. Results prior to Feb 2010 are shown for illustrative purposes only.

Performance of the Legends Fund portfolio in worst months for equity markets since 1997.



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## Fund Characteristics

Return Target	Euribor +5%
AuM	EUR 250 Million in strategy
Month-End NAV	EUR 95.68
Participations	365.240
Subscriptions	Daily, through stock exchange
Redemptions	Daily, through stock exchange
Direct Fund Dealings	Daily subscriptions, monthly redemptions with 90 days notice
Management Fee	0.625%
Performance Fee	5% with High Watermark
Subscription Fee	0%
Redemption Fee	0%
Currency	EUR
ISIN Code	NL0009692839

## About Legends Fund

Legends Fund offers unique access to some of the world's most renowned money managers. The underlying funds are mostly closed to new investors or require multi-million dollar minimums. Through its industry network and long standing history with these managers Legends Fund makes this unique investment talent accessible to all investors. Through its listing at Euronext Amsterdam, Legends Fund can be bought and sold on a daily basis without a minimum investment amount.

Legends Fund is managed by the hedge fund specialists of Theta Capital Management. Established in 2001, Theta Capital Management is one of the oldest and largest independent Dutch Alternative Asset Managers. Since its creation, Theta has been exclusively focused on managing portfolios of hedge funds for both private and institutional clients. Management and shareholders of Theta Capital are among the largest investors in Legends.