

Performance Update

October 2018 **Legends Fund -2.79%**

Legends4Legends conference a great success

The third Legends4Legends conference took place on October 18th in the EYE Film Museum in Amsterdam. With 200 guests and a full day line-up of world leading investors sharing their views and openly discussing amongst each other. We believe the event was a great success which was mirrored in the feedback from speakers and the audience. Most importantly, over EUR 100.000 was raised for the Alternatives4Children charity. A summary of the event can be found [here](#).

“The Legends4Legends conference has clearly become the most impressive hedge fund conference in all of Europe. Great educational content, truly legendary speakers, professional and welcoming Dutch atmosphere and efficient networking are all at five star level.”

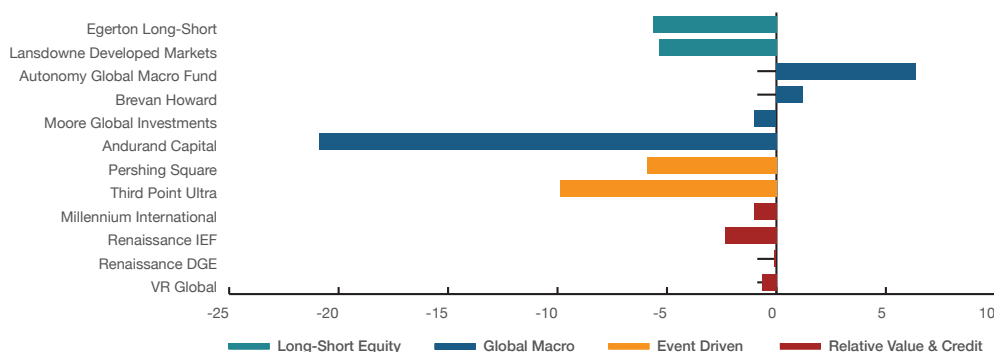
- Mathias Knab, Opalesque

Legends Fund Performance

Legends Fund posted a 2.79% loss in October. This fairs well compared to most markets and other funds of hedge funds. We are somewhat frustrated that the losses for a large part were driven by an energy trader who is otherwise largely uncorrelated to equity markets while most of the portfolio actually held up well with some managers even recording decent gains.

That October was a brutal month for financial markets is evidenced by the fact that we saw the NASDAQ's worst monthly return (-9.2%) since November 2008, the S&P 500 worst monthly return (-6.9%) since September 2011 and the MSCI EM Index' worst return (-8.8%) since August 2015. For hedge funds, as measured by the HFRX Global Hedge Fund Index, it even was the worst return (-3.51%) since October 2008, the epicenter of the great financial crisis. In general we do welcome market volatility as it causes dislocations and emotional decision making. In October our managers were able to buy attractive new positions and cover successful short positions. We expect volatility to be more persistent as financial conditions tighten, and expect our results to improve with it.

Results (%) per manager* for October 2018



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

Results per Strategy

Relative Value, Quant & Credit

Our systematic quant funds held up well in October. The [Renaissance Institutional Equities Fund \(RIEF\)](#), which is run with a 100% net long equity book kept losses limited to 2%. The [Renaissance Institutional Diversified Global Fund \(RIDGE\)](#) was flat for the month despite running a significant long equity book as well. Richard Deitz' [VR Global](#) suffered a small loss of 0.6% showing the fund's idiosyncratic positions are largely insulated from weakness in emerging markets. The manager was able to use the market carnage to further add to positions in Argentina and Turkey. Izzy Englander's [Millennium International](#) recorded a 1% loss in October. Like both of the Renaissance funds the fund remains up around the 7% level year-to-date which compares very favorably with global equity markets that are now down for the year.

Global Macro

Robert Gibbins' [Autonomy Global Macro Fund](#) had a great month in October, gaining 6.4% and bringing gains this year to 15%. The fund profited from shorts in places like Italy, but also profited from long investments in Brazil as the election delivered a market friendly outcome. The largest detractor for the month is also found in this Bucket. Pierre Andurand's [Andurand Commodity Fund](#) suffered a 20% loss following September's 15% gain. October saw a large drop in oil prices causing Andurand to give back recent gains and more, even after meaningfully extending those gains in the early part of the month. Alan Howard's [Brevan Howard Fund](#) gained 1.2% in October and continues to deliver as we would expect in these more volatile markets while Louis Bacon's [Moore Global Investments](#) disappointed with a 1.0% loss.

Long-Short Equity

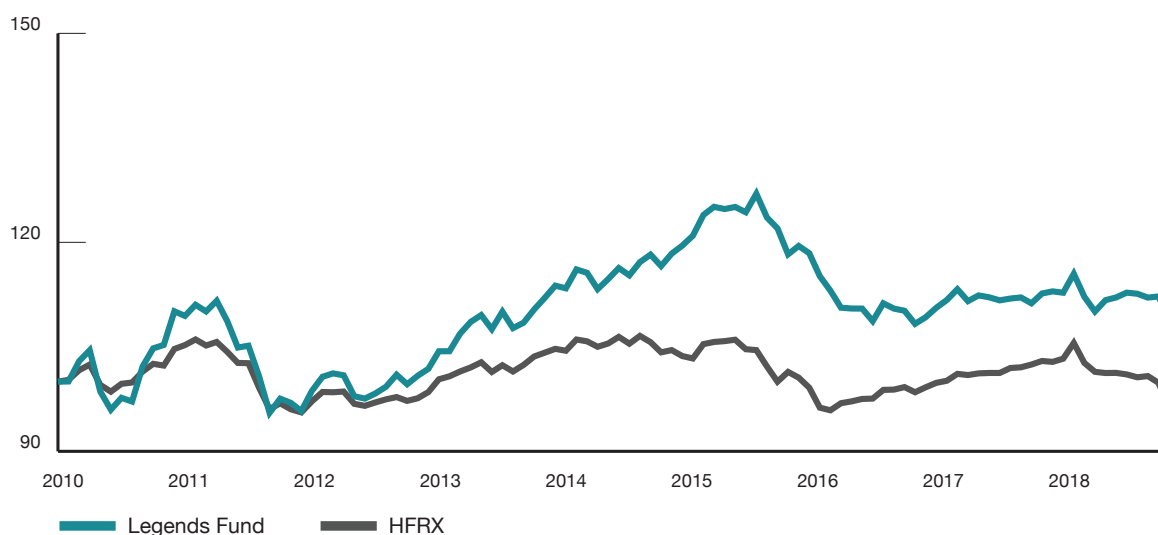
October was a difficult month for long-short equity funds who weren't able to create positive alpha. Attractively valued equities went down in line or even beyond some of stocks at the overextended ends of the valuation spectrum. For Peter Davies' [Lansdowne Developed Markets Fund](#) this translated into a 5.4% loss for the month and for John Armitage's [Egerton Long-Short Fund](#) into a 5.6% loss. While both outperformed general markets their stock picks didn't add value when corrected for their overall net positioning. Over time we strongly believe these managers' skills will manifest themselves in significant outperformance and periods like October will only add to that by providing attractive entry- and exit points.

Event Driven

On the event driven side Bill Ackman's [Pershing Square Holdings](#) lost 5.9% trimming gains year-to-date to 5%. The fund's discount to NAV shrunk by about 2% over the month but remains at a hefty 22%. Overall market trend and valuing Pershing's stake at over \$1Billion. Dan Loeb's [Third Point Ultra](#) suffered a large loss in October with the fund down over 9%. Loeb's constructive views on the economy and valuations were challenged and lower than expected Q3 numbers from the fund's largest position, Baxter, didn't help. Loeb thinks valuations remain attractive although he has delevered somewhat, meaningfully reducing tech exposure and has added to the short book as the outlook has become a bit more cloudy. He has recently taken a new position in American Express, a company he believes is grossly undervalued. We have implemented the position partly through the listed Third Point Offshore Fund mitigating our losses as the listed fund was down 'just' 4.7%.

Returns (%)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Year	Index*
2018	2.41	-2.87	-1.88	1.48	0.35	0.62	-0.14	-0.49	0.14	-2.79	-	-	-3.24	-7.01
2017	1.02	2.38	-1.51	0.74	-0.24	-0.39	0.23	0.14	-0.75	1.27	0.27	-0.17	1.96	3.49
2016	-2.78	-1.81	-2.16	-0.22	-0.01	-1.63	2.36	-0.68	-0.28	-1.71	0.88	1.23	-6.63	0.70
2015	1.19	2.46	0.95	-0.26	0.24	-0.61	2.14	-2.68	-1.27	-3.05	1.01	-0.87	-0.90	-4.38
2014	-0.33	2.39	-0.41	-2.03	1.28	1.37	-0.90	1.65	0.92	-1.39	1.53	0.99	5.08	-0.98
2013	2.47	0.01	2.41	1.57	0.91	-1.84	2.33	-2.14	0.72	1.75	1.51	1.56	11.72	6.31
2012	3.03	2.05	0.48	-0.27	-2.98	-0.34	0.75	0.98	1.74	-1.36	1.22	0.98	6.33	3.05
2011	-0.60	1.46	-0.86	1.39	-2.63	-3.48	0.25	-4.14	-5.23	2.12	-0.61	-1.22	-13.01	-8.70
2010	-	0.03	2.91	1.52	-5.67	-2.64	1.77	-0.54	5.19	2.53	0.47	4.58	9.62	4.63

* HFRX Global Hedge Fund Index Hedged to EURO

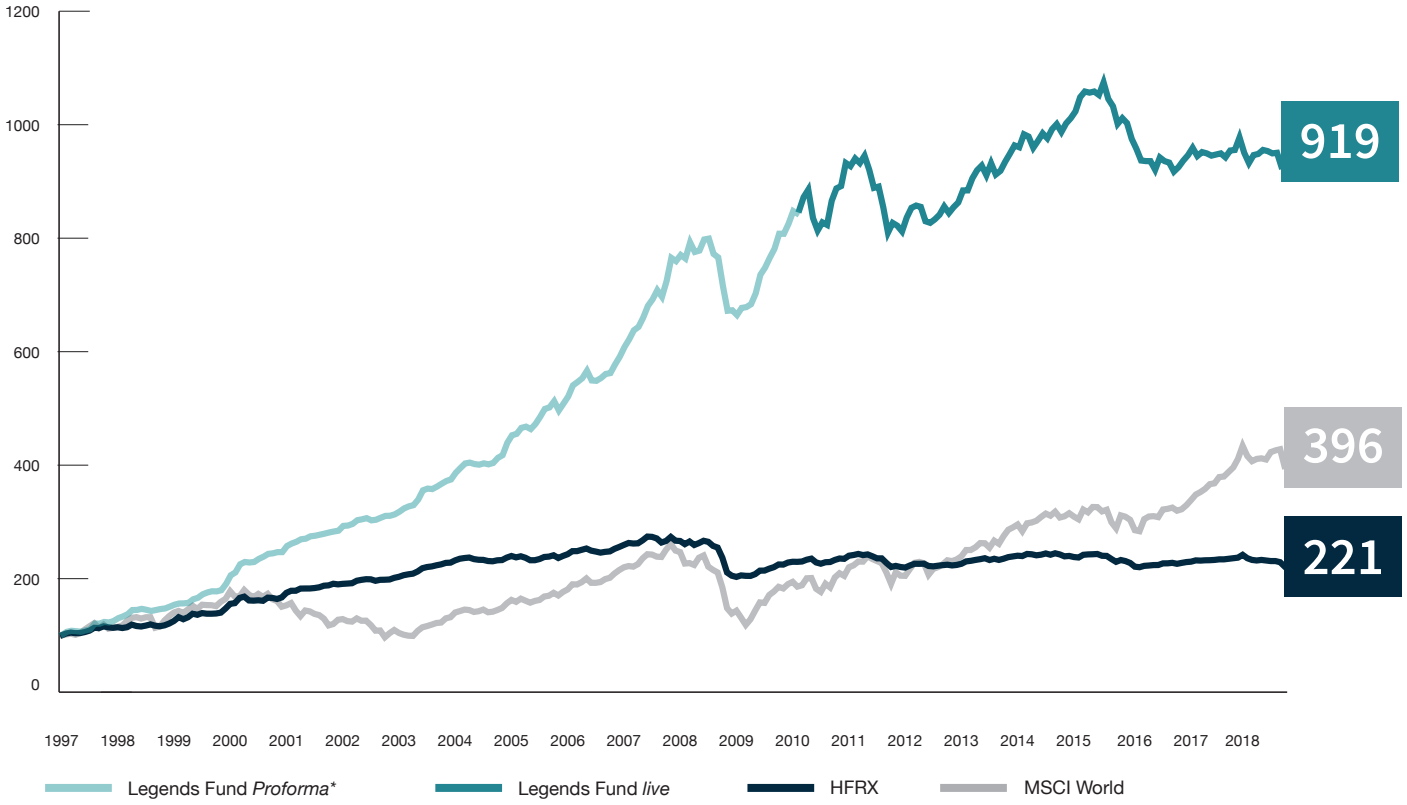


Long Term Statistics (1997 – October 2018)

	Legends Fund*	HFRX Index	AEX Index	Govt. Bonds	MSCI World
Annual Return (%)	10.7	3.7	2.6	4.5	6.5
Annual Standard Deviation (%)	7.3	6.1	19.4	2.8	15.4
Sharpe Ratio	1.1	0.2	0.1	0.7	0.3
Maximum Loss (%)	-16.9	-25.9	-68.5	-3.4	-54.6
Beta to MSCI World	0.30	0.30	1.00	-	1.00

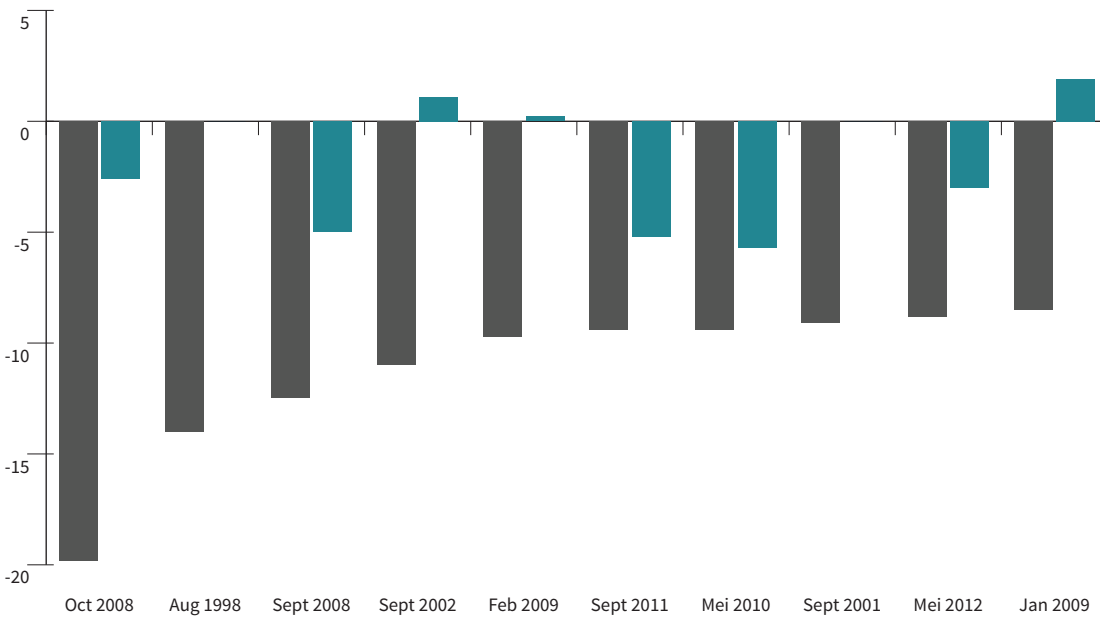
* Until February 1, 2010, returns based on a pro-forma portfolio of Legends with current target weightings and net of Legends Fund fees. Live results from February 2010. Results prior to Feb 2010 are shown for illustrative purposes only.

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 94.84
Participations	362,325
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.