

# Performance Update

August 2020 **Legends Fund +6.96% / YTD +11.05%**

## Theta has launched TDCOP – investing in distressed debt opportunities

We believe there is a unique opportunity to achieve stable, uncorrelated returns investing with some of the world's most successful distressed debt specialists. You will find more information on TDCOP scrolling down the report. Please, also see our [August Factsheet](#), [press release](#) and [the article](#) in tomorrow's Financial Investigator.

## Legends Fund Performance

Legends Fund gained +6.96% in August, bringing the year-to-date performance to +11.05%. The reference HFRX Global Hedge Fund Index (EUR) was +1.19% and is down -1.29% year-to-date.

August was a very strong month for Legends Fund, actually its strongest on record, and the performance year-to-date firmly sets it apart from most of its absolute return peers. Performance is measured in Euro's and for just the second time in seven years, the USD hedge is actually helping performance (2017 being the other year) as the USD has come under pressure.

What is important to us is that performance has been predominantly driven by what we consider true alpha, as most of the contributing managers have very little beta exposure. This is most clearly illustrated by looking at the strongest contributors to Legends Fund so far this year:

- **Andurand Capital** (appr. 3%) – made most of its return short oil in March when markets sold off
- **Brevar Howard** (appr. 2%) – made most of its return long volatility in March when markets sold off
- **Millennium International** (appr. 2%) – Market neutral long-short equity, positive each month except for a small loss of -0.12% in March
- **Pershing Square Holdings** (appr. 2%) – while generally long, Ackman completely steered clear of the market drop in March by putting on and fully realizing credit market hedges
- **Pantera Capital** (appr. 7%) – the fund takes very early stage positions in technology start-ups, some of which have launched this year resulting the fund to be up north of 200%
- The one meaningful detractor this year has been **Renaissance Technologies** (appr. -2%). Its systematic, data-driven approach has struggled dealing with the COVID 19 shock.

Back to August. For the second month in a row, performance got a boost from our position in Pantera Capital. After a +80% return in July, the fund delivered an even stronger performance, +87%, in August. We are strong believers in blockchain technology and expect some highly valuable business models to develop on the back of it. Through our partnership with Pantera we have been getting early access to some of the most promising projects in the space at very attractive valuations. The is now starting to pay off and with more launches scheduled in coming weeks and months, we expect further upside from this investment. At the same time we do expect there to be also significant down moves along the way as the underlying markets can be volatile.

In general, we expect the Legends Fund portfolio to continue to deliver strong results, largely irrespective of the direction general markets take from here.

## Theta Capital Management has launched 'TDCOP' – investing in distressed debt opportunities

On July 1st, we launched our first pooled vehicle in just over 10 years (Legends Fund was launched in February 2010). The **Theta Distressed Credit Opportunity Pool** ('TDCOP') has been on our mind for several years, and the corona pandemic has created the circumstances for the strategy to be successful. We strongly believe the distressed debt investment strategy is one of the most attractive hedge fund strategies. Complex restructurings and liquidations face limited competition and the outcomes are predominantly driven by idiosyncratic processes rather than general market moves. It is a strategy that can offer high returns with limited volatility while those returns are largely uncorrelated to general markets moves.

We have just gone through a multi-year period of very little distress, and therefore limited opportunities for distressed debt investors. Now that the global corona pandemic has caused economies to come to a halt, we believe a unique opportunity is shaping up to invest in the strategy. The fact that many traditional liquidity providers like banks have been forced out of the market due to increased regulations, as well as the fact that the chase for yield has sent retail investors into credit markets through overly liquid vehicles like ETFs and mutual funds, have created a vulnerable market backdrop that we think will only increase the opportunities for specialized investors to profitably allocate capital.

TDCOP went live with \$30mIn (\$65mIn in the strategy) in capital and is an AIF under the AIFMD regulation. As the underlying instruments are less liquid, the fund has an initial 1-year lock-up and a quarterly investor-level gate thereafter. The fund targets 10%+ returns with limited correlation to general markets.

**TDCOP is currently accepting capital and has a Founders' shareclass that is closing October 1st.**

See our **August Factsheet** and the **press release**. There will also be **an article** in tomorrow's Financial Investigator regarding the opportunity.

Please reach out to us if you would like to learn more: [dekloe@thetacapital.com](mailto:dekloe@thetacapital.com) or +31 20 572 27 32

## Results per Strategy

### Global Macro

Robert Gibbins' [Autonomy Global Macro Fund](#) was up 1.1% in August, with the debt restructuring resolution in Argentina being the main driver of performance. Year-to-date performance stands at -3.6%. Alan Howard's [Brevan Howard Fund](#) was up 0.9% (+23.2%) and Pierre Andurand's [Andurand Commodity Fund](#) was up 0.5% (+70.2% YTD), and both have been holding on to their strong Q1 gains while markets have been recovering.

### Event Driven

Richard Deitz' [VR Global](#) gained 3.3% in August (-4.0% YTD), and the [VR Argentina Recovery Fund II](#) gained 5.9% (+5.2% YTD). A restructuring deal was reached early August sending Argentina bond prices up further. Now the attention will shift to the many provinces that VR has exposure to, and which make up the majority of the Argentina Fund and the bulk of the Global Fund's 30% Argentina exposure. Considering the fact that the corona pandemic is arguably close to a worst-case scenario for Argentinian bonds, the fact that the Argentina fund is now in the black for the year and +15% since its inception in October 2019, shows that the ability of buying assets at distressed valuations goes a long way in terms of actual managing one's investment risks. Deitz sees a lot of remaining upside in the positions. Bill Ackman's [Pershing Square Holdings](#) (PSH) gained a further 12.8% in August, boosting year-to-date performance to 45.7%. Hilton, Lowe's and Chipotle were the strongest contributors in August. Dan Loeb's [Third Point Ultra Fund](#) was up 10.6% in August, bringing the fund back in the black for the year (+3.9%). Positions in Salesforce, IAA and Walt Disney contributed strongly, as did the fund's structured credit book that was ramped up after the March/April liquidity crunch in RMBS.

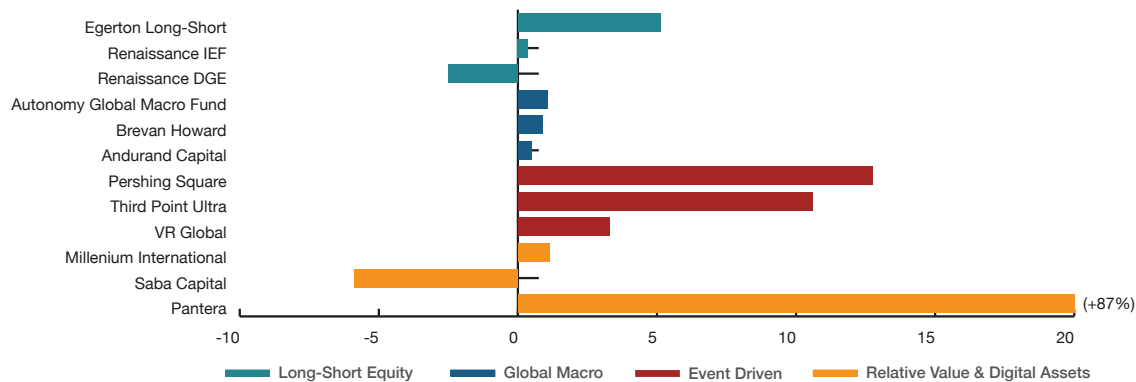
### Long-Short Equity

John Armitage's [Egerton Long-Short Fund](#) gained 5.1% in August as gains on its longs (with Alibaba Group being the strongest contributor) outpaced losses on shorts by a large margin. The year-to-date gains of 11% are now fully driven by the long book, with the short book overall flat – both sides reflecting significant stock-picking alpha. The [Renaissance Institutional Equities Fund \(RIEF\)](#) gained 0.4% in August (-12.9%), while the [Renaissance Institutional Diversified Global Fund \(RIDGE\)](#) was down 2.5% (-20.5%). Losses keep coming from the short side of the book, historically a strong contributor to performance. We are watching the funds closely as we move further away from the exogenous pandemic shock earlier in the year, which the fund's models have difficulty adjusting to, with an expectation that the funds will regain their footing and will once again turn into strong contributors.

### Relative Value & Digital Assets

Izzy Englander's [Millennium International](#) gained 1.1% in August, and is up 13% year-to-date. All months this year, besides a tiny -0.12% loss in March, have been solidly positive. Our timing in adding Boaz Weinstein's [Saba Capital Masterfund](#) has not been great, as the fund shed 5.8% in August after losing 3.9% in July. However, we think it is worthwhile repeating last month's comment, in that the manager sees mispricing's in credit markets far more prevalent than he has ever seen before in his career. For the year the fund is still up 72% and we expect further strong performance when markets become more wobbly and volatility increases. Dan Morehead's [Pantera Long-Term ICO Fund](#) gained 87% in August, which comes on top of an 80% gain in July. For the year the fund is now up 280% net, with Legends Fund investors profiting from the highly accretive fee deal we put in place with Pantera during more difficult times for the strategy. August performance was driven by Polkadot which increased nearly 5-fold after being launched and which is now up well over 20x Pantera's cost basis. The other large contributor was Flexa, which more than doubled in August and is also near to being a 20x gain for the fund since establishing the position in 2018. Despite the incredible performance, we expect Pantera to continue to do very well. Another highly anticipated project, Filecoin, is supposed to go live in the coming weeks. Also in September, Flexa will launch its payments system that so far has remained largely under the radar. While its valuation has been running up in advance, the value accretion potential for this position is enormous and we believe remains grossly underestimated by the market.

## Results (%) per manager\* for August 2020

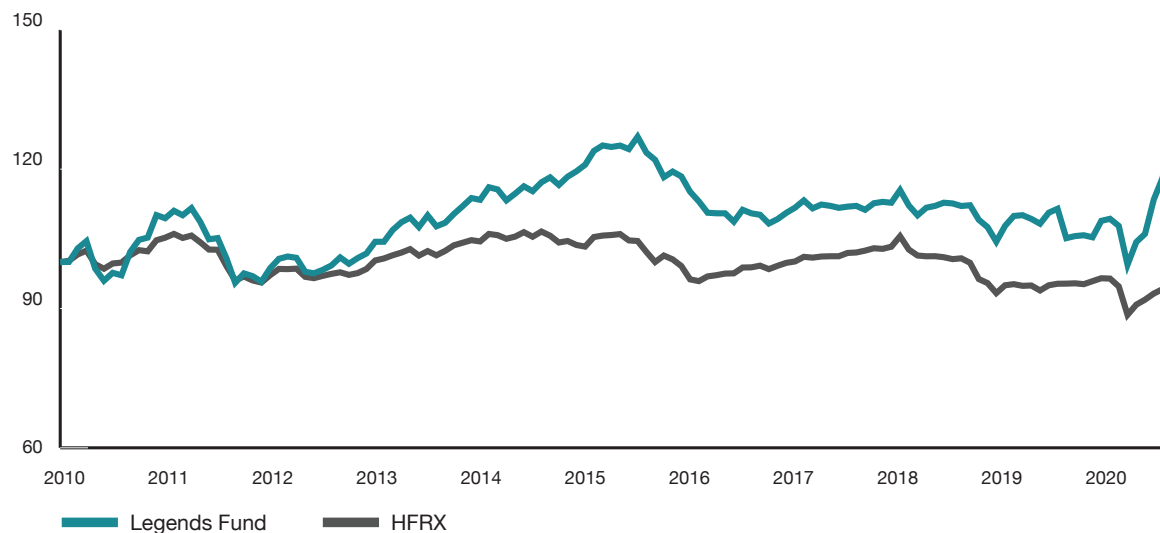


\* Managers that have a weighting of less than 5% due the building or exiting of a position are excluded.

Returns (%)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Year	Index*
<b>2020</b>	0.41	-1.40	-7.76	4.91	1.70	2.35	4.11	6.96					<b>11.05</b>	<b>-1.29</b>
<b>2019</b>	3.25	1.99	0.15	-0.73	-0.95	2.20	0.76	-5.67	0.42	0.17	-0.41	3.36	<b>4.30</b>	<b>3.44</b>
<b>2018</b>	2.41	-2.87	-1.88	1.48	0.35	0.62	-0.14	-0.49	0.14	-2.79	-1.45	-2.91	<b>-7.43</b>	<b>-9.93</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>

Results from Feb 2010 to Dec 2012 are the results of Legends Fund predecessor fund (same strategy, but no listing).

\* The HFRX Global hedge Fund index hedged to Euro



## Fund Characteristics

Return Target	Euribor +5%
AuM	EUR 250 Million in strategy
Month-End NAV	EUR 105.11
Participations	205,430
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.

