

THEOREMA CREDIT EQUITY OPPORTUNITY FUND

September 2015

- Strong performance since inception (+9.7% in 12months)
- Capital Protection with upside exposure (best month +4%/worst month -1%, 5.28% volatility)
- Low correlation to markets and other strategies

Performance net of fees %, USD

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2014	-	-	-	-	-	-	-	-	-	0.62	-1.00	1.65	1.26
2015	3.05	0.38	0.13	4.01	0.55	-0.88	0.22	0.44	0.21				8.34

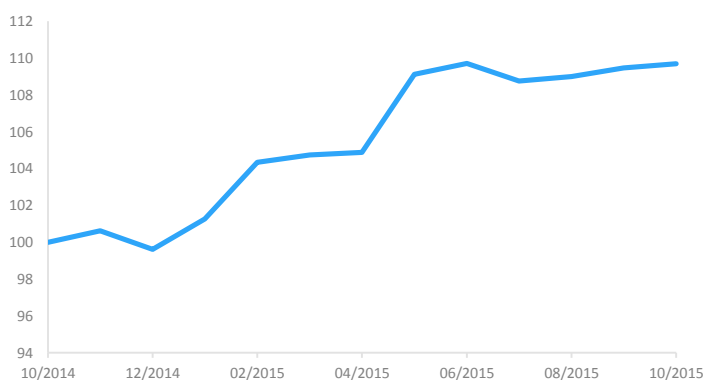
The Fund was launched and seeded with external capital in various share classes. To provide representative comparison for a typical institutional investor, the performance above represents the actual gross performance of the Fund since inception, but calculated net of fees and expenses assuming the terms of the Class C (overleaf). Investors in other classes may experience different results. This is a series reporting fund and the NAV is calculated assuming investment at launch. All new subscriptions start at a NAV of 100.

Performance analysis (net of fees) ⁽¹⁾

Annualised return	9.70 %
Average monthly return	0.78 %
Annualised volatility	5.10 %
Downside volatility	2.31 %
Sharp ratio ⁽¹⁾	1.86
Sortino ratio ⁽¹⁾	4.12
Positive months	83 %
Worst drawdown	-1%
Recovery time	1 month
Latest NAV (USD)*	109.70

⁽¹⁾ Risk free rate: US 1 month LIBOR. Average value since inception: 0.01%

Cumulative performance since inception (net of fees rebased to 100)



Executive Summary

Opportunistic

- **Credit to Equity Approach:** Directional or Relative Value positioning pricing one asset class over the other
- **Strategy:** Credit fund that uses equity instruments to enhance the risk / reward profile vs. single asset class strategies
- **Successful Experience:** Track record with top quartile returns over the cycle in challenging period between Nov '07 – Mar '13. An investment proposition developed over the last 11 years

Relative Value

- **Diversified:** By exploiting the differences in the global credit cycles we are able to construct a globally diversified portfolio. A structured approach to generate a balanced asset class exposure
- **Thematic Portfolio:** Applying a combination of fundamental and quantitative analysis to well-known themes in the market
- **Quantifiable Opportunity:** Opportunities are ranked and monitored to ensure the best value in the portfolio is maintained

CREDIT EQUITY OPPORTUNITY FUND

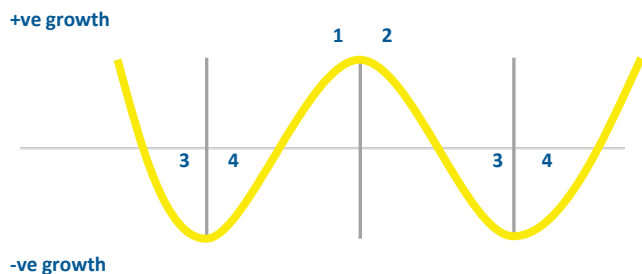
To generate top quartile absolute returns throughout the cycle by **outperforming equity markets during periods of large dislocations**, whilst generating high single digit returns in other periods

With a Quantitative Hedge

- **Capital Protection:** Portfolio Tail Hedging is integrated in the Portfolio Management Function to provide constant capital protection
- **Risk Management:** Dynamic Portfolio that allows us to extract value in different points of the cycle constructed via a targets-based risk management function

Investment Strategy Over the Cycle: Credit Equity Interaction

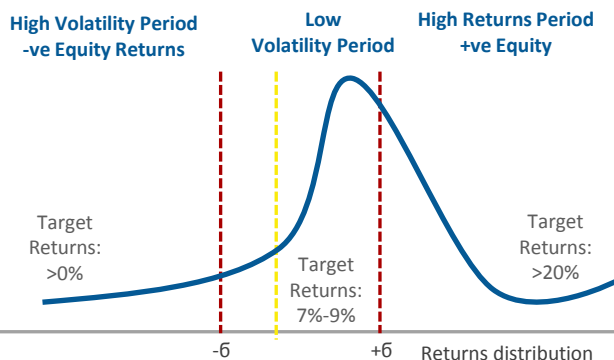
Breaking the credit cycle in 4 phases based on the balance sheet adjustment illustrates the credit-equity relationship and the structuring of our trades



Return Profile and Exposures:

An approach suitable for all yield environments

Structuring the asymmetry over the cycle by combining credit and equity



Stage Cycle	Credit	Equity	Yield	Volatility	Equity /Credit Interaction	Positioning
1 Profit Growth	↑	↑	Low	Declining	Equity Positive Returns Exceed Credit Positive Returns	Credit HY , Equity, Sub-Financials Downside Protection
2 Re- Leveraging	↓	↑	Rising	Low	Equity to Enhance Credit Returns	M&A, LBO Candidate Protection, Long IG protection Late Cyclicals
3 Correction	↓	↓	High	Rising	Equity Negative Returns Exceed Credit Negative Returns	Downside Equity Protection, Long HY Protection Selectively Long IG Credit
4 De- leveraging	↑	↓	Declining	High	Equity to Reduce Volatility of Credit Returns	Long Credit Short Equity Long Downside Protection

Fund Facts

Total Fund Size USD	USD 15.01M		
Inception Date	October 2014		
Share Class	B	C	D
Management Fee	0.75%	1.5%	2%
Performance Fee	15%	20%	20%
Min Investment	€2MM	€1MM	€75K

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Portfolio Manager Biography: Alessandro Esposito CFA, M.Sc.

- Alessandro joined Theorema in June 2014 to launch the Credit Equity Opportunity Fund. He has 16 years experience in running both total return and long only strategies. He joins from BlueBay Asset Management where he was Portfolio Manager on the Convertible desk
- Having co-managed the Convertible Arbitrage sleeve of the BlueBay Multi-strategy Fund, Alessandro launched the Credit Equity Volatility Fund. This fund focused on seeking absolute returns from cross asset opportunities. At BlueBay he also co-managed the convertible long only funds
- Prior to BlueBay, Alessandro set up the convertible and volatility arbitrage desk at Peloton Partners. He previously worked for 3 years at Morgan Stanley Principal Services running Convertible Arbitrage and Capital Structure Arbitrage books. Alessandro started his experience on the structured product desk at Intesa BCI
- Prior to this, Alessandro gained 3 years experience on government bond markets at Cariplo, Banca di Roma and JP Morgan

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