

Legends Fund (liquidated)

The Netherlands

ANNUAL REPORT

for the year ended 31 December 2021

Table of contents

	Page(s)
General information	1-2
Historical multi-year overview	3
Fund Manager Report	4-7
Investment objective, policy and processes	8-9
Financial statements	
Balance sheet	10
Income statement	11
Statement of cash flows	12
Notes to the financial statements	
General information	13
Significant accounting principles and policies	13-15
Notes for individual balance sheet items	
Investments	16-17
Cash and due from/to broker/ credit facility	17-18
Accrued expenses and other payables	18
Participations of the Fund	19-21
Notes for individual income statement items	
Dividend income	21
Interest income	21
Foreign currency gains on translation	21
Investment return	21
Expenses	22-23
Relevant contracts	23-24
Related party transactions	24
Financial investments and associated risks	25-27
Soft dollar arrangements	27
Shareholders equity as issued	27-28
Schedule of investments by investment strategy	28
Provision of information	28
Comparatives	28
Date of authorisation	28
Events after the balance sheet date	28
Investment portfolio as at 31 December 2021	29
Investment portfolio as at 31 December 2020	29
Other information	
Provisions of the Prospectus on distribution policy	30
Interests held by the Directors	30
General principles of remuneration policy	30-31
Independent auditor's report	32-34

General information

Fund Manager	Theta Fund Management B.V. Concertgebouwplein 19 1071 LM Amsterdam The Netherlands
Administrator	Apex Fund Services (Netherlands) B.V. Van Heuven Goedhartlaan 935A 1181 LD Amstelveen The Netherlands
Legal Title Holder	Stichting Bewaarbedrijf Legends XL Fund Concertgebouwplein 19 1071 LM Amsterdam The Netherlands
Independent Auditor	Ernst & Young Accountants LLP Wassenaarseweg 80 2596 CZ, The Hague The Netherlands
Legal and Tax Counsel	Greenberg Traurig, LLP Hirsch Building Leidseplein 29 1017 AH Amsterdam The Netherlands
Payment Bank	ABN AMRO Bank N.V. Daalsesingel 71 3511SW Utrecht The Netherlands
Custody Bank	ABN AMRO Clearing Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands
Listing Agent and Liquidity Provider (until 31 December 2021 ¹)	Munnik Opties & Futures B.V. Beursplein 5 1012JW Amsterdam The Netherlands
Depository	Darwin Depository Services B.V. Barbara Strozziilaan 101 1083 HN Amsterdam The Netherlands

¹ The Fund delisted from EuroNext Amsterdam on 31 December 2021.

General information *(continued)*

ENL - Agent and Principal Paying Agent

ABN AMRO Clearing Bank N.V.
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

Historical multi-year overview

Key figures

	2021	2020	2019	2018	2017
<i>(All amounts in EUR)</i>					
Equity	33,615,513	22,803,259	24,229,363	31,794,888	36,042,621
Number of participations					
Class A	201,209	205,080	255,792	350,151	367,488
Class B		-	-#	174	174
Class B Afbouwfase	99	132	165#	-	-
Equity per participation					
Class A*	166.98	111.12	94.65	90.75	98.03
Class B Afbouwfase	176.37	117.37	99.86	-	-
Class B	-	-	-	90.76	98.03
Equity per participation as reported**					
Class A*	165.49	109.83	94.65	90.75	98.03
Class B Afbouwfase	174.80	116.01	99.86	-	-
Class B	-	-	-	90.76	98.03
Ongoing charges ratio	3.44%	2.21%	1.36%	1.40%	1.44%
Ongoing charges ratio (including underlying funds)	17.02%	9.06%	3.33%	2.53%	3.97%
Turnover ratio	41.07%	43.02%	25.07%	32.24%	31.97%
Performance of the Fund	48.55%	17.33%	4.30%	(7.43%)	1.96%
Performance of the Fund as reported**	48.93%	16.04%	4.30%	(7.43%)	1.96%
Weighted average number of participations	203,195	218,060	291,053	363,588	340,106
Net profit/(loss)					
Investment income	13,317	22,105	62,915	97,734	1,668
Indirect investment result	12,405,756	3,414,945	1,695,539	(2,191,860)	1,082,477
Expenses	(1,068,081)	(463,987)	(377,610)	(492,146)	(471,496)
Net profit/(loss)	11,350,992	2,973,063	1,380,844	(2,586,272)	612,649
Net profit/(loss) per participation					
Investment income	0.07	0.10	0.22	0.27	-
Indirect investment result	61.05	15.66	5.82	(6.03)	3.19
Expenses	(5.26)	(2.19)	(1.30)	(1.35)	(1.39)
Net profit/(loss) per participation	55.86	13.57	4.74	(7.11)	1.80

* The Class A participations were listed on Euronext Amsterdam, the regulated market of Euronext Amsterdam N.V. until the Fund delisted on 31 December 2021.

** The NAV per share and the performance of the Fund as reported in accordance with the prospectus.

Fund Manager Report

Legends Fund finishes 2021 up EUR 50.68%

Legends Fund 2021 performance was +50.68%. The reference HFRX Global Hedge Fund Index (EUR) was +2.65% year-to-date.

It's been quite a year for the Legends Fund. Even if we take the best performing asset class in 2021, global equities, which was +18.5%, Theta Legends Fund significantly outperformed that by a factor of nearly 3x. To say nothing of the global government bond index which returned a horrific -5.8% in 2021.

To start with the trickiest asset class first. Fixed income had to contend with runaway inflation numbers and a behind-the-curve federal reserve, and investors starting to price in aggressive rate hikes. Legends Fund has exposure to two of the best credit funds out there in the form of VR Global and Saba. Especially VR posted very strong returns to end the year +14.8%, in most part due to their investments in Argentinian provincial debt. Saba is very well positioned for further turmoil with its long volatility positioning. In this environment, we feel risk management and a focus on special situations is key in navigating credit.

The opposite in terms of performance, was a surging equities market. Quite remarkable given covid related supply chain hiccups and spiraling oil prices. The last weeks of December, however, highlighted the risks associated with central bank policy reversals and the potential for mistakes. It is also worth noting that not all equity indices were created equal. The S&P 500 was the main winner with a considerable rise of +28.7% for the year after a strong 2020. This did mask underlying sector rotation which towards the end of the year saw a big move out of tech stocks. Chinese equities on the other hand had a very tough year indeed. Increased regulation on the tech and property sectors, energy shortages and slowing economic growth related to China's "zero covid" policy, meant that in sharp contrast to the US, the MSCI China ended the year -21.7%.

We are pleased to say that our global long/short equities and macro-Legends have managed to avoid such pitfalls and all posted positive returns. Perhaps not as positive as the S&P, but we feel safe in the knowledge that while some fantastic businesses with very high valuations have continued to perform well in 2021, our Legends like Pershing Square, Egerton, Point72 and Renaissance offer a more diversified and uncorrelated returns profile for a market that has the potential to gyrate wildly as financial conditions start to tighten further. An example from 2021 is Pershing Square's timely inflation hedge highlighting the more nimble approach the best hedge funds can adopt once the tide goes out.

The prize for best performance however goes to a fund who invests in an asset class that has made a huge shift towards the mainstream in 2021. Pantera Capital was up a stunning +463% for the year, highlighting the diversified returns to be found in the blockchain/crypto space for those who understand this complicated asset class

Restructuring of Legends Fund – transfer to Theta Legends Fund

The listing of Legends Fund will be removed per 31 December 2021 and we will also be changing Depository and Custody to Northern Trust. As a consequence, the assets of Legends Fund were transferred to the new Theta Legends Fund effective 1 January 2022. What this means for investors is that their investment will no longer be held in Euroclear but in the Fund's share register. As we now have investor's details directly, we will be able to email and communicate directly, which has historically been difficult.

Although this is technically a new fund – the investment strategy, and key terms are mirrored from the old fund and for all intents and purposes it is the same investment vehicle. In summary the differences being: there is no listing, a new Depository and Custodian, investors are now registered directly into the share register and only subscribe on monthly basis and redeem monthly with 90 days' notice.

Fund Manager Report (*continued*)

Risk management and willingness to take risks

In the table below we list the various risks to which investors in the Fund are exposed and we discuss the measures applied to manage these risks and their potential impact on the Fund's NAV.

Sorts of risks	Risk hedged	Measures applied and expected effectiveness	Expected impact on 2022 NAV if risk materializes	Impact on 2021 NAV	Adjustments to risk management in 2021 or 2022?
Price risk	No	Portfolio risk management as described in "Investment objective, policy and processes" is being applied and is expected to limit the price risk to a degree in line with the objective of achieving an annual return of Euribor +5%	As return volatility implies, we expect a 95% chance of NAV not declining by more than 12% (2 standard deviations below the mean) in a given year	The risk was comparable and the ultimate year result as well as the monthly results remained well within the expected range.	No
Interest rate risk	No	The fund has no interest bearing financial instruments except for cash at bank which is limited to a couple of percent max. Therefore, the Fund is not exposed to significant interest rate risk.	None	None	No
Foreign Exchange Risk	Yes	3 month forwards	Negligible	Negligible	No
Liquidity Risk	No	Liquidity risk is mitigated by investing in hedge funds that offer sufficiently liquid redemption terms and that we expect to be able to meet those terms at all times	We would not expect an NAV impact if this risk would materialize. It could trigger the fund gate delaying the redemption window for exiting participants	No impact	No

Fund Manager Report *(continued)*

Risk management and willingness to take risks *(continued)*

Sorts of risks	Risk hedged	Measures applied and expected effectiveness	Expected impact on 2022 NAV if risk materializes	Impact on 2021 NAV	Adjustments to risk management in 2021 or 2022?
Credit Risk	No	The fund has a credit facility with ABN Amro but limits the amount of credit to bridging purposes for new positions and FX settlements. ABN Amro has an “A” credit-rating and we would reconsider the arrangement should this change.	In theory the fund could lose the amount under the credit facility which, again in theory, could be as high as 20%. In practice we expect to keep credit limited to a couple of percent of NAV at any time.	Minor	No
Operational Risk	No	This risk is mitigated by having strict operational procedures in place to address identified operational risk items, by employing clear segregation of duties amongst all identified staff and selecting service providers to the Fund with operational procedures to mitigate the operational risks identified.	Negligible	No impact	No
Legal Risk	No	This fund has a detailed plan in place to meet those identified obligations.	Negligible	No impact	No

Fund Manager Report (*continued*)

Sustainable Finance Disclosure Regulation

As of 10 March 2021 the EU Sustainable Finance Disclosure Regulation (SFDR) came into force. In the context of the Sustainable Finance Disclosure Regulation (SFDR), the Fund has been classified as an Article 6 fund. The investments the Legends Fund do not take into account the EU criteria for environmentally sustainable economic activities.

Ukraine Russia conflict situation

Officially commencing on 24 February 2022, the invasion of Ukraine by Russian Forces has dominated headlines and driven market activity, posing a significant threat to financial and political stability during the first quarter of 2022.

While the effects of continued hostilities between Russia, Ukraine and their wider alliances are causing significant market volatility, this is considered a non-adjusting post balance sheet event and therefore does not impact the valuations included within these annual accounts. The economic and broader impacts of Russia's campaign in Ukraine may have an effect on the New Fund, though it is not possible to quantify likely impact at this stage.

General principles of remuneration policy:

Theta Fund Management B.V. maintains a careful, controlled and sustainable remuneration policy. The remuneration policy is consistent with and contributes to a sound and effective risk management and does not encourage risk taking beyond what is acceptable for Theta Fund Management B.V. or the funds under management.

The remuneration policy consists of a fixed and variable component that is at the discretion of management. The aggregate personnel cost for employees totaled EUR 130,341 (2020: EUR 106,364). The variable component of the personnel costs amounted to EUR 15,622 (2020: EUR 13,521).

Control Statement

We declare as the manager of Legends Fund to have an AO/IB that meets the requirements of the "Wet op het Financiële Toezicht" and the "Besluit gedragstoezicht financiële ondernemingen ("Bgfo")".

During 2021, we assessed the various aspects of Legends Fund's operations as outlined in this AO/IB. We have not identified any internal control measures that do not meet the requirements of article 115y of the Bgfo and as such we declare that the operations in the year 2021 functioned effectively as described.

During 2021, we have updated our AO/IB. Fundamentally, we have not changed the processes, however we feel the updated version to be more complete. This version has also been reviewed, and is monitored on an ongoing basis by our external compliance officer, especially with respect to regulatory and updates.

Theta Fund Management B.V.
30 June 2022

Investment objective, policy and processes

INVESTMENT OBJECTIVE

Legends Fund (the “Fund”) aims to provide individuals and institutional investors with an investment vehicle which targets average returns of approximately Euribor + 5% per annum. The Fund attempts to accomplish this objective by investing in a diversified portfolio of hedge funds (collective investment vehicles) and other investment structures which employ diverse investment styles and strategies.

INVESTMENT POLICY

The Fund focuses on hedge funds that have an outstanding investment history and proven adaptiveness to changing market environments through various economic cycles. Many of these hedge funds have a minimum investment amount of more than EUR 10 million and therefore are not easily accessible for private investors. It is expected that a Fund Manager of an investment fund will have a track record of at least 10 years.

The Fund aims to achieve consistent high absolute returns on investment, irrespective of the direction of comparable publicly traded securities, i.e. to have limited correlation to general market risks. The Fund’s portfolio will contain shares in between 10 and 20 hedge funds with typically no single investment in a fund representing 20% or more of the book value of the Fund’s assets. Diversification is sought through the underlying market, securities, investment strategies, trading styles and regions, rather than the number of hedge funds.

The Fund invests primarily in investment funds based in established onshore and offshore financial centers, but will retain the flexibility to invest in funds established in other developing hedge fund markets if and when suitable opportunities arise. The Fund intends, in principle, to invest in investment funds established by hedge fund managers with strong and consistent track records.

The overall success of the Fund depends on (i) the ability of the Fund Manager in selecting hedge fund managers and to build a diversified investment portfolio amongst them, (ii) the hedge fund managers’ ability to be successful in their strategies.

Below is a summary of investment strategies that fit into the profile of the Fund.

- Long-Short Equity Strategy;
- Event-Driven Strategy;
- Global Macro Strategy; and
- Relative Value and Credit Strategy.

INVESTMENT PROCESS AND RISK MANAGEMENT PROCESS

In its investment process, the Fund Manager takes a predominantly bottom-up approach reflecting its belief that hedge fund managers are well equipped to capitalise on varying market conditions. In other words, the Fund Manager does not actively manage its portfolios according to pre-formulated return expectations for the different hedge fund investment strategies. Rather, the Fund Manager strives to select managers that have proven the ability to successfully exploit investment opportunities across various market environments and aims to compose portfolios of hedge funds with fundamentally different risk-return profiles to maximise the benefit of diversification. This approach endeavours to provide the Fund investors with capital appreciation and downside protection, at all times.

Investment objective, policy and processes (*continued*)

INVESTMENT PROCESS AND RISK MANAGEMENT PROCESS (*CONTINUED*)

Manager Selection and Due Diligence

The objective of the Fund Manager's selection process is to identify hedge fund managers with superior investment skills that have proven to operate successfully through different market environments. The selection process entails three levels of analysis, each with its own information requirements, documents and criteria. The selection process is supported by several databases, a qualitative information system and various tools (some proprietary) for quantitative fund analysis and stress-testing.

In the qualitative due diligence process the Fund Manager focuses on:

- independent mind, potential to generate uncorrelated returns, flexibility of investment approach;
- competitive edge in investment strategy, trading style;
- investment process;
- risk management; and
- background and experience.

The objective of performing quantitative analysis of a hedge fund track record is twofold: risk analysis and relative return analysis. To allow for the dynamism inherent in a fund's investment strategy, quantitative techniques cannot be applied in a strict and rigid manner, but a healthy dose of common sense and expert judgement is required.

The objective of the Fund Manager's operational due diligence process is to provide a transparent overview of the infrastructure supporting the trading strategy in terms of:

- People & organisation;
- Processes & systems; and
- Involvement of third party service providers.

Crucial elements in the operational risk assessment are reference checks, evaluation of portfolio marking-to-market and net asset value ("NAV") calculations, administrators and prime brokers.

Portfolio construction and risk management

In its portfolio construction, the Fund Manager is driven by the concept that it can only set the level of portfolio risk, and the market will dictate returns. The Fund Manager does not apply top-down (tactical) allocation based on relative return expectations across the various hedge fund strategies but takes a bottom-up approach where risk parameters on the portfolio level determine the allocation across individual hedge funds. Allocation limits to certain strategies, managers and market risks are applied to control concentration risk. This approach to portfolio construction complements the manager selection process, where the Fund Manager strives to select managers that are able to produce positive returns in all market environments. The process embodies an optimisation of the portfolio in which the Fund Manager aims to minimise concentration risk by focusing on cross-correlations between fund managers and strategies. The Fund Manager believes this disciplined, quantitative approach enables it to engineer risk-return profiles that match the clients' needs and preferences.

Hedging Strategies

The Fund will make use of hedging strategies to hedge the currency risk arising from non-base currency investments in investment funds. All investments will be subject to the same investment objectives and strategy but will have a currency hedge strategy linked to the underlying currency of the investment. The related hedging costs and the gains and losses attributable to the hedging transactions will be credited or charged to the Class on behalf of which such transactions are affected.

Financial statements

BALANCE SHEET

(As at 31 December)

(After profit appropriation)

	Note	31 December 2021 EUR	31 December 2020 EUR
Assets			
Investments			
Investments in investment funds		30,510,695	22,729,060
Derivative financial assets		65,883	100,758
	3	<u>30,576,578</u>	<u>22,829,818</u>
Current assets			
Due from broker	4	3,840,149	-
Cash	4	2,060	316
Prepaid investments		-	1,500,000
		<u>3,842,209</u>	<u>1,500,316</u>
Total assets		<u>34,418,787</u>	<u>24,330,134</u>
Liabilities			
Current liabilities			
Due to bank (credit facility)	4	-	(1,223,359)
Derivative financial liabilities		(6,565)	(46,445)
Accrued expenses and other payables	5	(796,709)	(257,071)
		<u>(803,274)</u>	<u>(1,526,875)</u>
Total liabilities		<u>(803,274)</u>	<u>(1,526,875)</u>
Total assets minus total liabilities		<u>33,615,513</u>	<u>22,803,259</u>
Equity			
Participants equity		20,032,742	20,571,480
Unappropriated profit		13,582,771	2,231,779
Total equity	6	<u>33,615,513</u>	<u>22,803,259</u>

The accompanying notes are an integral part of these financial statements.

Financial statements

INCOME STATEMENT

(For the years ended 31 December)

	<i>Note(s)</i>	2021 EUR	2020 EUR
Investment result			
<i>Direct investment result</i>			
Dividend income	7	13,317	22,103
Interest income	8	-	2
		<u>13,317</u>	<u>22,105</u>
<i>Indirect investment result</i>			
Realised gains on investments in investment funds	3, 10	5,504,401	1,334,336
Realised (losses)/gains on derivative financial instruments	3, 10	(1,481,620)	775,742
Unrealised gains on investments in investment funds	3, 10	8,246,881	1,249,416
Unrealised gains on derivative financial instruments	3,10	5,005	29,372
Foreign currency gains on translation	9	131,089	26,079
		<u>12,405,756</u>	<u>3,414,945</u>
Total investment income		<u>12,419,073</u>	<u>3,437,050</u>
Expenses			
Incentive fee	11,12,13	(595,516)	(95,861)
Management fee	11,12,13	(196,792)	(132,144)
Other operational costs	11	(73,845)	(75,586)
Custody fee	11, 12	(51,311)	(33,440)
Administrator fees	11, 12	(47,703)	(47,200)
Depositary fees	11, 12	(29,951)	(28,528)
Interest expense	11	(25,004)	(10,413)
Audit fee	11, 12	(20,778)	(20,735)
Bank charges	11	(17,181)	(14,080)
Legal fee	11	(10,000)	(6,000)
Total expenses		<u>(1,068,081)</u>	<u>(463,987)</u>
Net profit		<u>11,350,992</u>	<u>2,973,063</u>

The accompanying notes are an integral part of these financial statements.

Financial statements

STATEMENT OF CASH FLOWS

(For the years ended 31 December)

	<i>Note</i>	2021	2020
		EUR	EUR
Cash flows from operating activities			
Purchase of investment in investment funds		(3,712,647)	(5,489,506)
Proceeds from sale of investment in investment funds		11,237,470	9,436,049
Net payments for derivative financial assets and liabilities		(1,481,620)	775,742
Change in balances held with brokers		(3,840,149)	-
Interest received		0	2
Interest paid		(22,484)	(11,598)
Dividend received		13,317	22,103
Management fee paid		(175,252)	(136,430)
Incentive fee paid		(95,861)	-
Administrator fees paid		(46,836)	(52,560)
Audit fee paid		(20,778)	(20,009)
Custody fee paid		(49,830)	(32,340)
Legal fee paid		(2,259)	(4,149)
Bank charges paid		(17,181)	(14,080)
Other general expenses paid		(81,635)	(93,007)
Net cash flows provided by operating activities		<u>1,704,255</u>	<u>4,380,217</u>
Cash flows from financing activities			
Proceeds from sales of participations		134,234	-
Payments on redemptions of participations		(672,972)	(4,399,167)
Repayment on credit facility		(1,223,359)	(131,295)
Net cash flows used in financing activities		<u>(1,762,097)</u>	<u>(4,530,462)</u>
Net decrease in cash		(57,842)	(150,245)
Cash at the beginning of the year		316	100,439
Foreign currency translation of cash positions		59,586	50,122
Cash at the end of the year		<u><u>2,060</u></u>	<u><u>316</u></u>

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

1. GENERAL INFORMATION

Legends Fund (the “Fund”) is structured as a common contractual fund in the Netherlands, established on 22 February 2011. The Fund commenced operations in March 2011.

The Fund may issue participations in various Classes, each denominated in different currencies and listed on different exchanges. All Classes are subject to the same investment objectives and strategies but will have a different hedge strategy linked to the currency of the Class. As at 31 December 2021 and at 31 December 2020, Class A and Class B participations Afbouwfase have been issued by the Fund. The Class A and Class B participations Afbouwfase are denominated in Euro (“EUR”). The Fund Manager is entered at the commercial register of the Chamber of Commerce of the Netherlands under number 27198870.

The Fund liquidated on 1 January 2022 and effectively continued through a merger with Theta Legends Fund (the New Fund”) pursuant which all assets and liabilities of Legends Fund have been contributed to the New Fund against the issue of Participations. The New Fund is also organized as a common contractual fund (fonds voor gemene rekening). The New Fund has been established on January 1, 2022, to act as the successor entity to the Fund.

The Class A participations were listed on Euronext Amsterdam, the regulated market of Euronext Amsterdam N.V. up until the date of delisting on 31 December 2021.

The Class B participations and Class B participations Afbouwfase were created to facilitate “Pensioen Beleggen”.

The investment objective of the Fund is to generate average investment returns of approximately Euribor + 5% per annum. The Fund attempts to accomplish this objective by investing in a diversified portfolio of hedge funds (collective investment vehicles) and other investment structures, which employ diverse investment styles and strategies. The Fund focuses on hedge funds that have an outstanding investment history and have proven adaptiveness to changing market environments through various economic cycles.

The Fund and the Fund Manager are subject to the supervision of the Dutch Authority for the Financial Markets (“AFM”) and the Dutch Central Bank (“DNB”).

The Fund’s investment activities are managed by Theta Fund Management B.V. (the “Fund Manager”), with the administration delegated to Apex Fund Services (Netherlands) B.V. (the “Administrator”).

The Fund had no employees during the year ended 31 December 2021 and 2020.

The financial statements have been authorised for issue by the Fund Manager 30 June 2022.

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

Basis of preparation

The financial statements of the Fund have been prepared in accordance with the reporting principles generally accepted in the Netherlands (“Dutch GAAP”) including the guidelines for annual reporting (RJ), including RJ 615 and the statutory provisions concerning annual accounts contained in Part 9, Book 2 of the Dutch Civil Code. The financial statements have also been prepared in accordance with the requirements of the Dutch Financial Supervision Act (“FSA”).

As a consequence of the transfer of the assets of the Fund to the New Fund, effective 1 January 2022, the Fund ceased to exist. Despite these events and in accordance with the provisions of Dutch Accounting Standard 170.104, the financial statements of the Fund have been prepared applying the regular accounting principles (effectively the same accounting principles and policies as in previous years) (unchanged) as the Fund is able to fulfil/meet all of its liabilities.

The financial statements are prepared on a fair value basis for financial investments, except those for which a reliable measure of fair value is not available. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost.

Below is a summary of the accounting policies of the Fund which have been applied consistently in the preparation of these financial statements.

Notes to the financial statements

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES (*CONTINUED*)

Functional currency

The financial statements are presented in Euro (“EUR”), which is the Fund’s functional currency

Recognition and measurement

An asset is recognised in the balance sheet when it is probable that future economic benefits of the asset will flow to the Fund and the amount of the asset can be reliably measured. A liability is recognised in the balance sheet when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably. Income is recognised in the income statement when an increase in future economic benefit related to an increase in an asset or decrease in a liability has arisen that can be measured reliably

Expenses (including value added tax (“VAT”), where applicable) are recognised in the income statement when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Foreign exchange

Assets and liabilities denominated in currencies other than the EUR are converted to EUR at the exchange rates prevailing on the balance sheet date. Transactions in foreign currency are converted at the rates prevailing on the date of the transaction. Foreign currency exchange differences arising on translation and realised gains and losses on disposal or settlement of monetary assets and liabilities are recognised in the income statement.

Classification of participations

The participations of the Fund are classified as equity. These participations are recognised and measured at the redemption amount. Any distribution of equity is recognised through equity.

Basis of valuation - policies in preparing the balance sheet

Financial investments and financial derivatives are initially measured at fair value which is the fair value of the consideration given or received. Financial investments are subsequently re-measured at fair value.

Gains and losses arising from fair value changes are recognised in the income statement as ‘realised gains on investments in investment funds and realised gains/(losses) on derivative financial instruments’ or ‘unrealised gains on investments in investment funds and unrealised gains/(losses) on derivative financial instruments’.

The Fund’s investments in investment funds are valued based on the reporting received from the administrators of those funds. As at 31 December 2021 and at 31 December 2020, the value of investments in investment funds is the aggregate of the Fund’s attributable share of the latest available (unaudited) NAV of the investment funds.

The profit or loss of the Fund on its investments in investment funds is the aggregate of the Fund’s attributable share of the result of the investment funds. The Fund Manager may, if it thinks fit, make adjustments as a result of the different bases of determination of results applied by the investment funds. No adjustments were made in the year ended 31 December 2021.

Where an up-to-date value of an underlying investment fund is not available, or the valuation date does not coincide with that of the Fund, the Fund Manager will use an estimated value. As at 31 December 2021 and 2020, there were differences between the estimated and final valuations of certain underlying investment funds held by the Fund. The differences resulted in valuation differences as at 31 December 2021 and 2020 of EUR 20,967 and EUR 29,587 respectively in these financial statements. Please refer to note 16 for further details.

Forward currency contracts

The Fund may use forward currency contracts to hedge the currency exposure. Details of hedging, if any, are disclosed in the financial investments and associated risk note. A forward currency contract involves an obligation to purchase or sell a specific currency at a future date, at a price set at the time the contract is made. Forward currency contracts are valued by reference to the forward price at which a new forward currency contract of the same size and maturity could be undertaken at the valuation date. The unrealised gain or loss on open forward currency contracts is calculated as the difference between the contract rate and this forward price.

Notes to the financial statements

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES (*CONTINUED*)

Basis of valuation - policies in preparing the balance sheet (*continued*)

Receivables

The value of accounts receivable will be deemed to be the full amount unless it is unlikely to be paid or received in full. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. Cash is carried at face value.

Payables and accruals

Payables and accruals and deferred income are included at fair value.

Cash

Cash comprises cash on hand and demand deposits.

Statement of cash flows

The statement of cash flows is prepared according to the direct method. The statement of cash flows shows the Fund's cash flows for the year divided into cash flows from operations and financing activities and how the cash flows have affected cash funds.

For the purposes of the statement of cash flows, financial instruments at fair value through profit or loss are included under operating activities. Cash flows from financing activities include proceeds from subscriptions and payments for redemptions of shares of the Fund. As the nature of the Fund is to invest in financial instruments, all cash flows related to investments are classified as cash flows from operating activities.

Principles for determining the result

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. A regular way purchase and sale of investments is recognised using trade date accounting.

The changes in value of investments in investment funds are accounted for in the income statement. The Fund uses forward currency contracts to limit the exchange rate risk. Forward currency contracts are accounted for as currency transactions. The change in value of forward currency contracts are also accounted for in the income statement.

Dividend income is accounted for in the income statement on an accrual basis based on the dividend declaration date.

Interest income is accounted for in the income statement on the accrual basis.

Expenses are accounted for in the income statement on the accrual basis. Transaction costs in relation to investment funds are capitalised while transaction costs in relation to forward currency contracts are expensed immediately.

Tax position

The Fund is an exempt investment institution (*Vrijgestelde Beleggingsinstelling*) or "VBI" and as such Dutch tax authorities have issued a ruling confirming that VBI entities are tax exempt. This implies that the Fund is not subject to corporate income tax. Distributions made by the Fund (for example in case of redemption by a participant) are not subject to dividend withholding tax.

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

3. Investments

Movement of schedule of investments

<i>(All amounts in EUR)</i>	31 December 2021	31 December 2020
Investments in investment funds		
As at 1 January	22,729,060	25,576,485
Purchases	3,712,647	3,989,506
Sales	(9,682,294)	(9,420,683)
Realised	5,504,401	1,334,336
Unrealised	8,246,881	1,249,416
As at 31 December	<u>30,510,695</u>	<u>22,729,060</u>
Derivative financial instruments		
As at 1 January	54,313	24,941
Purchase/(sales)	1,481,620	(775,742)
Realised	(1,481,620)	775,742
Unrealised	5,005	29,372
As at 31 December	<u>59,318</u>	<u>54,313</u>
Total investments		
As at 1 January	22,783,373	25,601,426
Purchases	5,194,267	3,213,764
Sales	(9,682,294)	(9,420,683)
Realised	4,022,781	2,110,078
Unrealised	8,251,886	1,278,788
As at 31 December	<u>30,570,013</u>	<u>22,783,373</u>

The table below provides an analysis of the forward currency contracts as at 31 December 2021:

(All amounts in EUR)

Expiration date	Contract currency	Bought	Contract currency	Sold	Contract rate*	Current rate*	Unrealised EUR
28/02/2022	EUR	2,700,500	USD	3,077,599	1.13964	1.13833	(3,110)
28/02/2022	EUR	2,999,982	USD	3,418,901	1.13964	1.13833	(3,455)
31/03/2022	EUR	133,095	USD	150,818	1.13316	1.13922	707
31/03/2022	EUR	12,457,640	USD	14,117,682	1.13325	1.13922	65,176
Total unrealised gains on open forward currency contracts							<u>59,318</u>

* Showing the equivalent of 1 Euro.

The table below provides an analysis of the forward currency contracts as at 31 December 2020:

(All amounts in EUR)

Expiration date	Contract currency	Bought	Contract currency	Sold	Contract rate*	Current rate*	Unrealised EUR
29/01/2021	EUR	1,000,000	USD	1,199,961	1.19996	1.22242	18,372
29/01/2021	EUR	1,000,000	USD	1,199,961	1.19996	1.22242	18,372
29/01/2021	EUR	444,394	USD	545,000	1.22639	1.22242	(1,444)
29/01/2021	EUR	392,099	USD	477,500	1.21780	1.22242	1,480
29/01/2021	EUR	3,408,423	USD	4,090,078	1.19999	1.22242	62,534
26/02/2021	EUR	7,499,858	USD	9,228,606	1.23050	1.22317	(44,994)
26/02/2021	EUR	1,133	USD	1,394	1.23047	1.22317	(7)
Total unrealised gains on open forward currency contracts							<u>54,313</u>

* Showing the equivalent of 1 Euro.

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

3. Investments (continued)

The tables below provide an analysis of financial instruments that are measured subsequent to initial recognition at fair value based on how that fair value is determined.

31 December 2021

	Total EUR	Quoted prices (unadjusted) in active markets EUR	Derived from broker quotes	Derived from administrator statements EUR
Investments in investment funds	30,510,694	1,423,932	-	29,086,762
Derivative financial assets	65,883	-	65,883	-
Total	30,576,577	1,423,932	65,883	29,086,762
Derivative financial liabilities	(6,565)	-	(6,565)	-
Total	(6,565)	-	(6,565)	-

31 December 2020

	Total EUR	Quoted prices (unadjusted) in active markets EUR	Derived from broker quotes	Derived from administrator statements EUR
Investments in investment funds	22,729,060	1,128,526	-	21,600,534
Derivative financial assets	100,758	-	100,758	-
Total	22,829,818	1,128,526	100,758	21,600,534
Derivative financial liabilities	(46,445)	-	(46,445)	-
Total	(46,445)	-	(46,445)	-

4. Cash and due from/to broker/credit facility

As at 31 December 2021, cash comprise of balances held with ABN AMRO Bank N.V. of EUR 2,060 (2020: EUR 316). As at 31 December 2021 and at 31 December 2020, this account is restricted as to its use, which purpose is for the payment of Fund operating expenses.

Broker balances and credit facility are comprised the following:

Due from broker /due to broker/(credit facility)	2021 EUR	2020 EUR
Due from broker	3,840,149	
Credit facility	-	(1,223,359)
Total due from broker/due to broker /(credit facility)	3,840,149	(1,223,359)

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

4. Cash and due from/to broker/credit facility (continued)

Amounts due from broker comprise short-term balances held with ABN AMRO Clearing Bank N.V.

Amounts due to broker and the credit facility comprise short-term debt balances that may be collateralised by certain of the Fund's securities held with the broker. There were no balances due to broker at 31 December 2021 and at 31 December 2020.

ABN AMRO Clearing Bank N.V. has made available a credit facility for a total maximum net amount of EUR 4.5 million. The total credit facility drawdown may at no time exceed 15% of the financial instruments pledged by the Fund. The credit facility is interest bearing for debit balances in EUR at EONIA interest rate plus 145 basis points, and for USD debit balances at LIBOR plus 145 basis points. The Fund also pays ABN AMRO Clearing Bank N.V. a commitment fee per annum of 10 basis points over the approved credit facility, payable quarterly in arrears.

ABN AMRO Clearing Bank N.V. has made available to the Fund a treasury product facility. The treasury product facility may be used to enter into foreign exchange contracts and/or over the counter financial derivative transactions in order to cover foreign exchange risks and/or interest rate risks. The Fund may enter transactions in various currencies as agreed upon between the Fund and ABN AMRO Clearing Bank N.V. in a case by case basis. The maximum treasury product limit for foreign exchange contracts is EUR 2 million and the maximum transaction limit is EUR 20 million.

5. Accrued expenses and other payables

At 31 December 2021 and 2020, accrued expenses and other payables consist of the following:

<i>(All amounts in EUR)</i>	31 December 2021	31 December 2020
Incentive fee payable	(595,516)	(95,861)
Management fee payable	(54,880)	(33,340)
Other payables	(53,672)	(32,414)
Legal fee payable	(24,592)	(16,850)
Audit fee payable	(20,690)	(20,691)
Liquidity provider fee payable	(3,025)	(18,150)
Administration fee payable	(10,540)	(9,972)
Regulator fees payable	(10,500)	(15,000)
Listing fee payable	(10,500)	(10,500)
Commitment fee	(5,625)	(1,125)
Custody fee payable	(4,262)	(2,781)
Interest payable	(2,907)	(387)
Total accrued expenses and other payables	<u>(796,709)</u>	<u>(257,071)</u>

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

6. Participations of the Fund

Structure of the Fund's participants equity

The Fund is organised as a common contractual fund and is subject to Dutch law. The Fund may issue participations in various Classes denominated in different currencies and with a different listing. As at 31 December 2021 and at 31 December 2020, Class A and Class B participations Afbouwfase have been issued by the Fund. The Class A and Class B participations Afbouwfase are denominated in EUR.

The Class A participations were delisted on 31 December 2021 from the Euronext Amsterdam, the regulated market of Euronext Amsterdam N.V.

The Class B participations were created to facilitate "Pensioen Beleggen". The Class B participations Afbouwfase were issued to the holder of the Class B participations on 30 December 2019 to facilitate managed distributions in accordance with Dutch pension regulations. The Class B participations aggregate market value did not change as a result of this exchange.

The movement of equity in the participations during the year is as follows:

<i>(All amounts in EUR)</i>	2021	2020
<i>Contributions of participants</i>		
Balance at the beginning of the year	20,571,480	24,970,647
Issue of participations – Class A	134,234	-
Issue of participations – Class B Afbouwfase	-	-
Redemption of participations – Class A	(667,644)	(4,395,780)
Redemption of participations – Class B Afbouwfase	(5,328)	(3,387)
Total contributions at the end of the year	<u>20,032,742</u>	<u>20,571,480</u>
<i>Undistributed profit/(loss)</i>		
Balance at the beginning of the year	2,231,779	(741,284)
Net gain for the year	11,350,992	2,973,063
Total undistributed gain at the end of the year	<u>13,582,771</u>	<u>2,231,779</u>
Equity at the end of the year	<u><u>33,615,513</u></u>	<u><u>22,803,259</u></u>

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

6. Participations of the Fund (continued)

Subscriptions and redemptions

The Class A participations were issued at an initial subscription price of EUR 100 per participation and thereafter at the NAV. Prospective participants were historically informed about the actual subscription charge on the website of the Fund (<http://www.legendfund.nl>).

Unless otherwise determined by the Fund Manager, the minimum value of Class A participations which may be the subject of one subscription will be EUR 10,000 (or the equivalent thereof in the relevant other currency of the Class).

Class A participations may be redeemed as of the last business day of each calendar month, pursuant to written notice, which must be received by the administrator at least 90 calendar days prior to the redemption day.

The Fund is not obliged to redeem more than 10% of the total of the participations in issue in any Class on a redemption day.

Redemptions are subject to a redemption charge with a maximum of 3% of the NAV at the redemption day, which is due and payable to the Fund. No redemptions were subject to a redemption charge during the year ended 31 December 2021 and 31 December 2020.

Unless otherwise determined by the Fund Manager, the minimum value of Class A participations which may be the subject of one redemption request will be EUR 10,000 (or the equivalent thereof in the relevant other currency of the Class).

Up until the date of delisting on 31 December 2021 for the convenience of investors, to create a market with orderly trading and to promote liquidity of the participations, the Fund had designated Munnik Opties & Futures B.V. as liquidity provider. The Fund had agreed, subject to certain limitations, to accept redemption of participations by the liquidity provider on each business day at the NAV for that business day.

The movement of the participations during the year ended 31 December 2021 is as follows:

	Participations at the beginning of the year	Participations issued	Participations redeemed/exchanged	Participations at the end of the year
Class A	205,080	876	(4,747)	201,209
Class B Afbouwfase	132	-	(33)	99
Total	205,212	876	(4,780)	201,308

The movement of the participations during the year ended 31 December 2020 is as follows:

	Participations at the beginning of the year	Participations issued	Participations redeemed/exchanged	Participations at the end of the year
Class A	255,792	-	(50,712)	205,080
Class B Afbouwfase	165	-	(33)	132
Total	255,957	-	(50,745)	205,212

Rights and obligations

Each participation of a certain Class was entitled to one vote in the meeting of participants of that Class. Each participation denominated in EUR gave without exception, an entitlement to one vote in a meeting of participants of the Fund. Participations denominated in a currency other than the EUR will have voting power in a meeting of participants depending on the relevant exchange rate against the EUR on the most recent business day prior to the day on which the votes are cast prior to the Fund being liquidated.

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

6. Participations of the Fund (continued)

Equity management

The Fund's objectives when managing participants' equity were to safeguard the Fund's ability to continue as a going concern in order to provide returns for participants and benefits for other stakeholders and to maintain an optimal equity structure to reduce the cost of capital. In order to maintain or adjust the participants' equity structure, it is not expected that the Fund will declare any dividends. All earnings will normally be retained for investment. However, the Fund reserves the right to declare dividends or make distributions if the Fund Manager so decides. The Fund has liquidated and the objective is now carried out by the New Fund.

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS

7. Dividend income

Dividend income relates to dividends received or receivable from the investments in investment funds.

8. Interest income

Interest income relates to the interest on bank deposits.

9. Foreign currency gains on translation

Realised and unrealised exchange differences consist of realised and unrealised translation gains and losses on assets and liabilities other than financial assets and liabilities.

For the year ended 31 December 2021, this amounted to gains of EUR 131,089 (2020: gains of EUR 26,079). The following average and closing rates have been applied in the preparation of these financial statements (the equivalent of one euro is shown):

	2021		2020	
	Average	Closing	Average	Closing
<i>(Showing the equivalent of 1 euro)</i>				
United States Dollar	1.1832	1.1370	1.1422	1.2217

10. Investment return

<i>(All amounts in EUR)</i>	Profit	2021	Balance	2020
		Loss		Balance
Investment funds				
Realised result	6,256,314	(751,913)	5,504,401	1,334,336
Unrealised result	9,604,626	(1,357,745)	8,246,881	1,249,416
	15,860,940	(2,109,658)	13,751,282	2,583,752
Derivative financial instruments				
Realised result	175,945	(1,657,565)	(1,481,620)	775,742
Unrealised result	112,328	(107,323)	5,005	29,372
	288,273	(1,764,888)	(1,476,615)	805,114
Total result	16,149,213	(3,874,546)	12,274,667	3,388,866

Notes to the financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

11. Expenses

The Fund makes use of various parties for management, administration and custody services. The table below provides a breakdown of expenses for the years ended 31 December 2021 and 2020.

<i>(All amounts in EUR)</i>	2021	2020
Expenses accruing to Fund Manager		
Incentive fee	(595,516)	(95,861)
Management fee	(196,792)	(132,144)
Other expenses		
Other operational costs*	(73,845)	(75,586)
Custody fee	(51,311)	(33,440)
Administration fee	(47,703)	(47,200)
Depositary fee	(29,951)	(28,528)
Bank charges/refunded	(25,004)	(14,080)
Audit fee	(20,778)	(20,735)
Interest expense	(17,181)	(10,413)
Legal fee	(10,000)	(6,000)
Total	<u>(1,068,081)</u>	<u>(463,987)</u>

* Other operational costs include regulator fees of EUR 15,000 (2020: EUR 15,306), liquidity provider fees of EUR 18,150 (2020: EUR 22,317), listing fees of EUR 10,625 (2020: EUR 10,500), compliance fees of EUR 10,000 (2020: EUR 10,000), other general fees of EUR 10,000 (2020: EUR 7,813), commitment fees of EUR 4,500 (2020: EUR 4,500), transfer agency fees of EUR 2,000 (2020: EUR 1,600), operating costs of EUR 1,820 (2020: EUR 1,800) and regulatory reporting fees of EUR 1,750 (2020: EUR 1,750).

The basis on which various expenses are charged to the Fund are disclosed in detail in the Prospectus. It is a Dutch regulatory requirement to disclose any differences between actual expenses and the expenses disclosed in the Prospectus. During the financial year ended 31 December 2021 and 2020, the majority of expenses actually charged to the Fund were in accordance with the expenses disclosed in the Prospectus.

During the year, the Fund also incurred the following expenses which are not detailed in the Prospectus such as custody fee of EUR 51,311 (2020: EUR 33,440), legal fee of EUR 10,000 (2020: EUR 6,000), depositary fee of EUR 29,951 (2020: EUR 28,528), bank charges of EUR 17,181 (2020: EUR 14,080) and other general expenses of EUR 10,000 (2020: EUR 7,813).

Notes to the financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

11. Expenses (continued)

Ongoing charges ratio

The ongoing charges ratio is the ratio of the total expenses to the average net assets of the Fund. The average net assets are based on the Fund's net assets at each calculation of the NAV i.e., daily.

For the year ended 31 December 2021, the ongoing charges ratio for the Fund is as follows:

	2021
Ongoing charges ratio including incentive fee	3.44%
Ongoing charges ratio excluding incentive fee	1.52%
Ongoing charges ratio including expenses of underlying funds	17.02%*
Ongoing charges ratio excluding incentive fees of the Fund and of the underlying funds	2.74%*

For the year ended 31 December 2020, the ongoing charges ratio for the Fund is as follows:

	2020
Ongoing charges ratio including incentive fee	2.21%
Ongoing charges ratio excluding incentive fee	1.75%
Ongoing charges ratio including expenses of underlying funds	9.06%*
Ongoing charges ratio excluding incentive fees of the Fund and of the underlying funds	3.04%*

*The ratio includes expenses of underlying funds reported as a component of realised and unrealised gains/losses on investment funds which is included in the indirect investment result.

Turnover factor

For the year ended 31 December 2021, the turnover factor for the Fund is 41.07% (2020: 43.02%). The turnover factor is calculated by adding total purchases and sales, subtracting total subscriptions plus total redemptions and dividing the total by the daily average NAV.

12. RELEVANT CONTRACTS

Fund Manager

Management agreement

Theta Fund Management B.V. acts as the Fund Manager to the Fund up until the liquidation of the Fund. The Fund Manager is entitled to an annual management fee of 0.625% of the total NAV of a Class. The management fee accrues on each business day by reference to the NAV on that day and is payable quarterly in arrears on the last business day of March, June, September and December. Details of management fee charged for the year are disclosed in the income statement.

The Fund Manager is also entitled to an annual incentive fee calculated per Class equal to 5% of the amount by which the NAV at the end of the financial year of the Fund exceeds the High Water Mark (the "HWM").

In calculating the incentive fee in an absolute amount:

- 1) an equitable adjustment is made for participations subscribed and redeemed during the financial year; and
- 2) any distributions paid to participants during the financial year are added back.

The incentive fee is payable to the Fund Manager as to 90% of the estimated amount thereof one month after the end of the relevant financial year. The balance is payable within 14 days following completion of the audit of the accounts for the relevant financial year. On redemption of participations during the year an amount equal to the incentive fee accrued to the date of redemption in respect of such participations shall be due to the Fund Manager. No incentive fee is charged when the NAV, including distributions, at the end of a financial year is below the HWM.

Notes to the financial statements

12. RELEVANT CONTRACTS (CONTINUED)

Administrator

The Fund had entered into an administration agreement with Apex Fund Services (Netherlands) B.V. The agreement was terminated on liquidation of the Fund. The Administrator charges a fee based on 0.12% of the NAV of the Fund up to EUR 100 million, 0.10% of the NAV between 100 million and 200 million and 0.08% on the NAV above EUR 200 million. There is a minimum fee of EUR 40,000 per year. All fees are excluding VAT. Details of administration fees charged for the year are disclosed in the income statement.

Custody services

The fee charged by ABN AMRO Clearing Bank N.V. equals 0.04% per annum. The Custody agreement terminated on liquidation of the Fund. The Fund will be subject to a minimum fee of EUR 6,000 (excluding VAT) per annum.

Independent Auditor

The Fund appointed Ernst & Young Accountants LLP as the Independent Auditor. The Independent Auditor's remuneration consists of EUR 20,690 (2020: EUR 20,735) audit fee (including VAT) for the audit of the financial statements. The Independent Auditor does not provide any non-audit services or other audit services to the Fund.

Depositary

The Fund had entered into a depositary agreement with Darwin Depositary Services B.V. which was terminated on liquidation of the Fund. The Depositary charges an annual fee of EUR 22,500 (2020: EUR 22,500) (excluding VAT), payable quarterly in advance, for depositary services provided to the Fund. Details of depositary fees charged for the year are disclosed in the income statement.

13. RELATED PARTY TRANSACTIONS

Related party transactions are transfers of resources, services or obligations between related parties and the Fund, regardless of whether a price has been charged. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions or is part of key management of the Fund. The following provides details on the related parties of the Fund and transactions with the related parties.

Fund Manager

The following transactions occurred between the Fund and the Fund Manager during the reporting years.

Transactions from 1 January 2021 to 31 December 2021 and balances as at 31 December 2021

	Paid EUR	Balance EUR
Management fee	175,252	54,880
Incentive fee	95,861	595,516

Transactions from 1 January 2020 to 31 December 2020 and balances as at 31 December 2020

	Paid EUR	Balance EUR
Management fee	136,430	33,340
Incentive fee	-	95,861

As per 31 December 2021, one of the Directors of the Fund Manager holds **X** (2020: 10,690) shares in the Fund.

Notes to the financial statements

14. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS

The Fund's activities expose it to a variety of financial risks: market risk (including market price risk, interest rate risk and currency risk), credit risk and liquidity risk.

The investment funds, to which the Fund subscribes, may also indirectly expose the Fund to the financial risks as detailed above and because of this indirect exposure the financial risks discussed herein may not fully indicate the total exposure of the Fund.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Market risk comprises market price risk, interest rate risk and currency risk. The Fund's exposure to market risk relates to the Fund's investments in investment funds. The Fund's market risk is managed through diversification of the investments in investment funds. For further explanation of the investment objectives, policies and processes, refer to pages 8 and 9 of this annual report. Please also refer to table in note 17 on page 28.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund has no interest bearing financial instruments except for cash at bank which is subject to normal market related short-term interest rates. Therefore, the Fund is not exposed to significant interest rate risks.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk exposure arises from the Fund investing in financial instruments and entering into transactions which are denominated in currencies other than its functional currency. At 31 December 2021, 36.7% of the investments in investment funds are denominated in EUR (2020: 36.1%) and 63.3% are denominated in USD (2020: 63.9%).

The Fund uses forward rate contracts to mitigate the foreign currency exchange risk. This hedging strategy is intended to substantially mitigate the currency risk but does not eliminate such risk.

The Fund uses forward currency contracts in order to manage the currency risk exposure of foreign currency positions. The forward currency contracts are settled on a gross basis and as such the Fund has a settlement risk of EUR 18.3 million (2020: EUR 13.7 million).

The currency exposure of the Fund at 31 December 2021 and 2020 is as follows:

	Net position EUR	2021 Notional amount forwards EUR	Total Currency Exposure EUR	Net position EUR	2020 Notional amount forwards EUR	Total currency exposure EUR
Currency						
United States Dollar	19,317,764	(18,291,218)	1,026,546	14,526,045	(13,745,906)	780,139

All forward contracts will mature within 3 months (2020: 2 months). The notional amounts represent the undiscounted cash flow at the maturity date.

Notes to the financial statements

14. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS (*CONTINUED*)

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. It arises from derivative financial assets, cash and other receivables. The carrying values of financial assets (excluding any investments in investment funds) best represent the maximum credit risk exposure at the reporting date and amount to EUR 3,842,209 (2020: EUR 1,500,316).

All transactions of the Fund are cleared by ABN AMRO Clearing Bank N.V. representing a concentration risk. Bankruptcy or insolvency of ABN AMRO Clearing Bank N.V. may cause the Fund's rights with respect to the cash and/or its investments to be delayed or limited. The Fund regularly monitors its risk by monitoring the credit quality of ABN AMRO Clearing Bank N.V. as reported.

As at 31 December 2021, the credit rating of both ABN AMRO Clearing Bank N.V. and ABN AMRO Bank N.V. is A (2020: 'A'), as determined by Standard and Poor's. If the credit quality or the financial position of this entity deteriorates significantly the Investment Manager will deal with another provider.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities.

The Fund's Prospectus provides for the daily creation and monthly cancellation of participations and it is therefore exposed to liquidity risk of meeting participant's redemptions. To manage this liquidity risk the Fund has a 90 day notice period for the participants. In addition, the Fund is not obliged to redeem more than 10% of the total participations in a Class in issue on any dealing day.

The Fund is exposed to liquidity risk as the investments of the Fund in investment funds cannot immediately be converted into cash. The liquidity risk involved with the investment funds will be dependent on the redemption policies of the individual investment funds. Some of the investment funds may be or become illiquid, and the realisation of investments from them may take a considerable time and/or be costly. The Fund's investments in such investment funds may not be readily realisable and their marketability may be restricted, in particular because the investment funds may have restrictions that allow redemptions only at specific infrequent dates with considerable notice periods and apply lock-ups and/or redemption fees.

The liquidity risk is significantly reduced because the Fund diversifies its investments across different investment funds.

The Fund Manager may borrow to meet its liquidity requirements (see note 4 for further details).

Specific instruments

Derivative financial instruments

The notional amounts of certain types of derivative financial instruments including forward contracts provide a basis for comparison with instruments recognised on the statement of financial position, but they do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and therefore do not indicate the Fund's exposure to credit or market price risk. These derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market prices, market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair value of derivative financial assets and liabilities can fluctuate significantly from time to time.

Notes to the financial statements

14. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS (CONTINUED)

Specific instruments (continued)

Derivative financial instruments (continued)

As at 31 December 2021 and 2020, the Fund holds the following derivative financial instruments:

Forward contracts

Forward contracts are commitments to either purchase or sell a designated financial instrument, currency, commodity or an index at a future date for a specified price and may be settled in cash or another financial asset. Forward contracts are individually traded over-the-counter contracts and result in credit exposure to the counterparty.

Forward contracts result in exposure to market risk based on changes in market prices relative to contracted amounts. Market risks arise due to the possible movement in foreign currency, exchange rates, indices, and securities' values underlying these instruments. In addition, because of the low margin deposits normally related to contract sizes, a high degree of leverage may be typical of a forward trading account. As a result, a relatively small price movement in an underlying forward contract may result in substantial movements in the value of the contracts. Forward contracts are also subject to liquidity risk. See note 3 for an analysis of the forward currency contracts at 31 December 2021 and 2020.

15. SOFT DOLLAR ARRANGEMENTS

A 'soft dollar arrangement' applies when a (financial) service provider offers services and products (such as research and information services) to an asset manager in exchange for executing certain securities transactions. The Fund Manager had no soft dollar arrangements during the years ended 31 December 2021 and 2020.

16. SHAREHOLDERS EQUITY AS ISSUED

The following schedule shows the reconciliation between the shareholders' equity in accordance with Dutch Accounting Standard 210 (Dutch GAAP) and the shareholders' equity as determined in accordance with the Prospectus.

The reconciliation includes a valuation adjustment of EUR 298,316 (2020: EUR 262,133) relating to a difference between estimated and final valuations of certain underlying investment funds. In preparing the shareholders' equity in accordance with the Prospectus provisional valuations were applied where the final valuations of certain underlying funds were not available. The incentive fee charged to the Fund for the years ended 31 December 2021 and 31 December 2020 is based on the shareholders' equity in accordance with the Prospectus. The difference between the incentive fee based on the shareholders' equity in accordance with the Prospectus and in accordance with Dutch GAAP is not material and is not included in the below reconciliation.

	2021 EUR	2020 EUR
Adjusted net assets to holders of participations in accordance with the prospectus as reported	31,317,197	22,541,126
Adjustments		
valuation adjustment	298,316	262,133
Net assets attributable to holders of participations in accordance with Dutch GAAP	33,615,513	22,803,259

Notes to the financial statements

16. SHAREHOLDERS EQUITY AS ISSUED (CONTINUED)

	2021	2020
	EUR	EUR
Number of participations		
Class A	201,209	205,080
Class B Afbouwfase	99	132
Shareholders' equity per participation as reported to the shareholders of the Fund		
NAV per participation Class A	165.49	109.83
NAV per participation Class B Afbouwfase	174.80	116.01

The NAV per participation is as reported in accordance with the prospectus.

17. SCHEDULE OF INVESTMENTS BY INVESTMENT STRATEGY

	2021	% of	2020	% of
	EUR	equity	EUR	equity
Strategy				
Relative Value & Credit	8,797,761	26.2	10,855,358	47.6
Digital Assets	8,472,601	25.2	3,119,704	13.7
Event Driven	7,270,263	21.6	2,501,657	11.0
Long/Short Equity	3,613,533	10.8	1,294,008	5.7
Global Macro	2,356,537	7.0	4,958,333	21.7
	30,510,695	90.8	22,729,060	99.7

18. PROVISION OF INFORMATION

The annual report of the Fund and the Prospectus of the New Fund are available free of charge from the Fund Manager or available for download from the New Fund website: <http://www.thetacapital.com/theta-legends-fund>.

19. COMPARATIVES

Certain comparative figures have been re-presented where necessary to conform with currency period presentation.

20. DATE OF AUTHORISATION

The financial statements have been authorised for issue by the Fund Manager in Amsterdam on 30 June 2022.

21. EVENTS AFTER THE BALANCE SHEET DATE

The Fund merged into Theta Legends Fund (the "New Fund") organized as a common contractual fund (*fonds voor gemene rekening*) under the laws of The Netherlands on 31 December 2021. Theta Fund Management B.V. ("Theta") acts as a fund manager (*beheerder van een beleggingsinstelling*) under article 2:65 of the FSA. Northern Trust Global Services SE acts as depositary (*bewaarder*) of the New Fund Estate. Stichting Bewaarbedrijf Legends XL Fund continues as the legal owner (*juridisch eigenaar*) of the New Fund Estate. Furthermore, the general administration of the New Fund continues to be delegated by Theta to Apex Fund Services (Netherlands) B.V. as third party administrator.

All shareholders received participations in the New Fund to the value of their holding in the Fund.

No other material events occurred after the balance sheet date that could influence the transparency of the financial statements.

Notes to the financial statements

Investment portfolio as at 31 December 2021

Assets	Currency	Fair value EUR	% of equity
Investment funds			
Brevan Howard Fund Ltd.	EUR	2,356,537	7.0
Egerton Long Short Fund	EUR	1,407,234	4.2
King Street Capital Ltd.	USD	13,608	0.0
Millennium International Ltd.	EUR	2,821,144	8.4
Pantera Long-Term ICO Fund Ltd	USD	8,472,601	25.2
Pershing Square Holdings Ltd.	USD	1,423,932	4.3
Point72 Capital International	EUR	4,608,418	13.7
Renaissance Global LP	USD	2,206,299	6.6
Saba Capital Offshore Fund, Ltd	USD	1,354,591	4.0
VR Argentina Recovery Offshore Fund II Ltd.	USD	1,070,025	3.2
VR Global Offshore Fund	USD	4,776,307	14.2
		30,510,695	90.8

Investment portfolio as at 31 December 2020

Assets	Currency	Fair value EUR	% of equity
Investment funds			
Andurand Commodity Fund	USD	897,960	3.9
Autonomy Global Macro Fund	USD	1,736,224	7.6
Brevan Howard Fund Ltd.	EUR	2,324,149	10.2
Egerton Long Short Fund	EUR	1,294,008	5.7
King Street Capital Ltd.	USD	13,874	0.1
Millennium International Ltd.	EUR	3,348,168	14.7
Pantera Long-Term ICO Fund Ltd	USD	3,119,704	13.7
Pershing Square Holdings Ltd.	USD	1,128,526	5.0
Point72 Capital International	EUR	1,237,440	5.4
Renaissance Global LP	USD	1,777,422	7.8
Saba Capital Offshore Fund, Ltd	USD	1,273,441	5.6
Third Point Ultra	USD	135,691	0.6
VR Argentina Recovery Offshore Fund II Ltd.	USD	877,662	3.8
VR Global Offshore Fund	USD	3,564,791	15.6
		22,729,060	99.7

Other information

Provisions of the Prospectus on distribution policy

The Fund Manager does not intend to distribute any income of the Fund to its participants. The Fund Manager shall have sole discretion whether to distribute any income of the Fund or whether to retain it within the Fund.

Interests held by the Directors

As at 31 December 2021, one of the Directors of the Fund Manager holds 1,250 (2020: 10,690) shares in the Fund. The Directors also hold shares in the following underlying investment funds:

Asset Name	31 December 2021	31 December 2020
▪ Andurand Commodities Fund	nil shares	153.2050 shares
▪ Autonomy Global Macro Fund Limited	nil shares	1,916.0236 shares
▪ Millenium International Fund	nil shares	78.2492 shares
▪ Pantera Long Term ICO Fund	80.1430 shares	871.0000 shares
▪ Pershing Square Holdings Ltd.	nil shares	19,431.0000 shares
▪ Point72 Capital International	nil shares	4,034.6249 shares
▪ Renaissance Institutional Diversified Global Equities	nil shares	357.1080 shares
▪ Renaissance Institutional Diversified Alpha Fund	nil shares	355.5722 shares
▪ Third Point Ultra	nil shares	11,369.9600 shares
▪ VR Argentina Recovery Fund	nil shares	535.0000 shares
▪ VR Global Offshore Fund	nil shares	354.7642 shares

General principles of remuneration policy

Theta Fund Management B.V. does not have any employees, all employees are employed by Theta Capital Management B.V. the parent company of Theta Fund Management B.V.

Theta Fund Management B.V. maintains a careful, controlled and sustainable remuneration policy. The remuneration policy is consistent with and contributes to a sound and effective risk management and does not encourage risk taking beyond what is acceptable for Theta Fund Management B.V. or the funds under management. The remuneration policy consists of a fixed and variable component that is at the discretion of management.

The Directors of Theta Capital Management B.V. are responsible for establishing the Remuneration policy. The Directors of Theta Capital Management B.V. review the Remuneration policy at least once a year and the policy may be amended if circumstances warrant that. Remuneration at Theta Capital Management B.V. may consist of a fixed salary and a variable remuneration. The remuneration policy consists of a fixed and variable component that is at the discretion of management. The aggregate personnel cost for employees allocated to Theta Fund Management B.V. (as managers of Legends Fund) based on management accounts totaled EUR 130,341. The variable component of the personnel costs amounted to EUR 15,622.

Theta Fund Management B.V. may reclaim all or part of the variable remuneration paid to ‘‘identified staff’’ if (i) this payment was made on the basis of incorrect information, (ii) in the event of fraud by the employee, (iii) in the event of serious improper behaviour by the employee or serious negligence in the performance of his tasks, or (iv) in the event of behaviour that has resulted in considerable losses for the fund or Theta Fund Management B.V.

Other information (*continued*)

General principles of remuneration policy (*continued*)

This policy is based on the situation as of December 31, 2021. The financial year of the Fund Manager ends on December 31 of any year. The Directors of Theta Capital Management B.V. is being described as Identified Staff in senior management roles. All other staff members are categorized as identified staff outside senior management roles.

The aggregate personnel cost for employees totalled € 998,687 (2020: € 609,624), split into € 868,346 (2020: € 503,260) for Theta Capital Management B.V. and € 130,341 (2020: € 106,364) for Theta Fund Management B.V. The variable component of the personnel cost amounted to € 120,000 (2020: € 77,500), split into € 104,338 (2020: € 63,979) for Theta Capital Management B.V. and € 15,662 (2020: € 13,521) for Theta Fund Management B.V. During the year 2021 Theta Capital Management B.V. and Theta Fund Management B.V. employed a combined average workforce of 4,0 full-time equivalent (2020: 3,0), including 2 statutory directors.

Variable payments to both identified staff members in senior management roles and identified staff outside senior management depend on the profitability of the company, the performance of the fund, extraordinary commitment to the firm, customer satisfaction, work according best practice ethical standards, and/or other performance/non-performance related criteria. There is a focus on working according to best practice ethical standards and performance related criteria such as risk and error mitigation.

Employee remuneration is paid out of the management and performance fees (if applicable). None of the staff members have earned more than EUR 1,000,000 or more during the year 2021.

Independent auditor's report

To: the participants and investment manager of Legends Fund

Report on the audit of the financial statements 2021 included in the annual report

Our opinion

We have audited the financial statements 2021 of Legends Fund based in Amsterdam, The Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Legends Fund as at 31 December 2021, and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 December 2021
- The profit and loss account for 2021
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Legends Fund in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of transfer of assets and liabilities and liquidation of the fund

We draw attention to note 1 "General information" and note 2 "Basis of preparation" to the financial statements on page 13, which describe that the assets and liabilities of the fund have been transferred to the New Fund (Theta Legends Fund) at 1 January 2022, that the Fund has been liquidated as at 1 January 2022 and the effect thereof on the accounting principles. Our opinion is not modified in respect of this matter.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The manager is responsible for the preparation of the other information, including the Board report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities for the financial statements

Responsibilities of the manager for the financial statements

The manager of the investment entity is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the manager is responsible for such internal control as the manager determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the manager is responsible for assessing the investment entity's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the manager should prepare the financial statements using the going concern basis of accounting unless the manager either intends to liquidate the investment entity or to cease operations, or has no realistic alternative but to do so. The manager should disclose events and circumstances that may cast significant doubt on the investment entity's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.,:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the investment entity's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors
- Concluding on the appropriateness of the manager's use of unchanged accounting policies in accordance with Dutch Accounting Standard 170 and disclosure requirements are met. We deem it necessary to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with the manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

The Hague, 30 June 2022

Ernst & Young Accountants LLP

Signed by R.J. Bleijs