

ANNUAL REPORT

Theta Distressed Credit Opportunities Pool

Year ended 31 December 2023

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General information

Fund Manager

Theta Fund Management B.V.
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Legal Owner

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1071 LM Amsterdam
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Legal and Tax Counsel

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1017 PS Amsterdam
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Administrator

Apex Fund Services (Netherlands) B.V.
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ssq@apexfs.com

Depository

Northern Trust Global Services SE
Claude Debussylaan 18A
1082 MD Amsterdam
The Netherlands
Tel: +31 20 7941000

Independent Auditor

RSM Netherlands Accountants N.V.
Mt. Lincolnweg 40
1030 SN, Amsterdam
The Netherlands

Key figures

	2023	2022	2021 ¹
Class A USD Participations			
Net Asset Value at 31 December	10,133,594	10,087,345	10,256,468
Outstanding participations at 31 December	8,393.27	8,518.27	8,518.27
Net Asset Value per participation at 31 December	1,207.34	1,184.20	1,204.05
Class B USD Participations			
Net Asset Value at 31 December	37,693,386	37,304,362	37,905,244
Outstanding participations at 31 December	31,816.24	32,014.93	31,905.65
Net Asset Value per participation at 31 December	1,184.72	1,165.21	1,188.04
Total for the Fund			
Net Asset Value at 31 December	47,826,980	47,391,707	48,161,712
Outstanding participations at 31 December	40,209.51	40,533.20	40,423.92
Direct income from investments	56,420	-	-
Change in value	1,049,014	(571,706)	7,931,464
Other results	91,257	39,752	67
Costs	(382,656)	(363,051)	(1,031,171)
Total investment result for the period	814,035	(895,005)	6,900,360
Investment result per participation Class A USD²			
Direct income from investments	1.41	-	-
Change in value	26.22	(14.34)	221.84
Other results	2.29	0.99	0.00
Costs	(7.03)	(6.50)	(17.49)
Total investment result per participation	22.89	(19.85)	204.35
Investment result per participation Class B USD²			
Direct income from investments	1.39	-	-
Change in value	25.88	(14.08)	216.48
Other results	2.25	0.98	0.00
Costs	(10.11)	(9.64)	(31.51)
Total investment result per participation	19.41	(22.74)	184.97

¹ The reported results cover the period from 1 July 2020 through 31 December 2021.

² The result per participation is calculated using the average number of outstanding participations during the reporting period.

Fund Manager report

Theta Distressed Credit Opportunities Pool ("TDCOP") concluded the year 2023 with a performance of +1.96% for the Class A shares and +1.68% for Class B shares. Since its inception on July 1st, 2020, TDCOP has posted annualised returns of +5.53% for Class A and +4.96% for Class B which compares to a +2.85% return of the HFRX Global Hedge Fund Index and iShares High Yield ETF +3.65% annualised return over the same period. The fund's performance is particularly notable given the relatively contained volatility with the risk-adjusted return since inception being 1.53 (Class A) versus 0.79 for the HFRX and 0.39 for the HY ETF.

The year 2023 marked the 3-year anniversary of TDCOP and with its broad exposure to credit markets, there were a number of significant global financial events that drove performance this year. To name a few, we saw the tightening of credit markets, both an uptick in corporate defaults at the start of the year and a downtick towards the end, notable geopolitical developments such as the political changes in Argentina and finally, Central banks' continued inflation targeting measures and the fallout from regional banking crises that created several interesting investment opportunities. We feel that the fund is well positioned to capitalize on the current opportunity set.

Three out of five funds performed well in 2023, with key positive contributor being VR Global. VR reaped strong gains from Argentina's transition to pro-market policies, which played a substantial role in our overall performance, a country where the manager has extensive experience managing complex debt restructuring situations. This success story exemplifies the importance of active management and deep regional expertise in realizing investment gains amidst volatile market conditions. The fund's significant gains from Argentinean and Ukrainian debts, highlights the ability to leverage geopolitical and economic shifts to our advantage.

Funds that underperformed in 2023 were Ski Time Square and Waterfall Victoria. Both operating in the residential backed securities market, which saw widening spreads due to illiquidity and forced selling due to defaulting issuers. A large majority of the losses for the underlying investments remain unrealised and we expect a significant recovery for the year of 2024.

Throughout 2023, TDCOP's commitment to a diversified investment approach across a broad range of credit strategies that focus on process risk as opposed to market risk, combined with complexity and illiquidity premia, has been central to its strategy. We remain cautious to turning towards a higher allocation to more distressed type of strategies, with only slight changes to the portfolio over the year. We monetized some of the gains from our investments in VR Global and AG Mortgage Value Partners in December and slightly increased our allocation to Waterfall Victoria and Ski Time Square as a rebalancing effort.

Looking ahead to 2024, we are optimistic about the outlook for the strategy and look forward to reporting a strong year for the Fund with a number of positive macro-economic developments such as lower inflation and rate cuts, as well as a broad range of more idiosyncratic situations for which our managers are positioned.

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 2024 NAV if risk materializes	Impact on 2023 NAV	Adjustments to risk management in 2023?
Price risk	No	Portfolio risk management as described in "Investment objective, policy and processes" is applied and is expected to limit the price risk to a degree in line with the return objectives.	As return volatility implies, we expect a 95% chance of NAV not declining by more than 7% (2 standard deviations below the mean) in a given year.	The risk was reasonable and comparable to prior years and remained well within the expected range.	No
Interest rate risk	No	The fund has no direct interest-bearing financial instruments except for cash at bank which is limited to a couple of percent. Therefore, the Fund is not exposed to significant interest rate risk. The underlying managers may take interest rate risk which we expect them to manage accordingly.	None	None	No

(continued) Sorts of risks	Risk hedged	Measures applied and expected effectiveness	Expected impact on 2024 NAV if risk materializes	Impact on 2023 NAV	Adjustments to risk management in 2023?
Foreign Exchange Risk	No	None	None	No impact	No
Liquidity Risk	No	Liquidity risk is mitigated by investing in hedge funds that offer sufficiently liquid redemption terms that we expect to meet at all times. Liquidity is also stress tested.	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
Credit Risk	No	The fund has cash held at the fund's bank account. The cash amount is limited.	In theory the fund could lose the amount held as cash. In practice we expect to keep cash limited to a couple of percent of NAV at any time.	No impact	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

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 942,195 (2022: EUR 998,687). The variable component of the personnel costs amounted to EUR 95,918 (2022: EUR 61,205).

SFDR Statement

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

Control Statement

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

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 2023 functioned effectively as described.

During 2023 we have updated and improved 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 updates.

Theta Fund Management B.V.
28 June 2024

Financial statements

Balance sheet as at 31 December

(all amounts in USD)	Notes	2023	2022
Assets			
Investments	1		
Investment funds		36,008,991	40,662,784
Total of investments		36,008,991	40,662,784
Receivables			
Due from brokers	4	8,315,073	2,620,000
Other receivables and accrued income	5	31,737	11,139
Total of receivables		8,346,810	2,631,139
Other assets			
Cash and cash equivalents	6	3,580,611	4,271,882
Total of other assets		3,580,611	4,271,882
Total assets		47,936,412	47,565,805
Liabilities			
Net asset value	7		
Participations paid in surplus		41,007,590	41,386,352
Revaluation reserve		5,405,584	5,595,884
Other reserve		599,771	1,304,476
Result current year		814,035	(895,005)
Total net asset value		47,826,980	47,391,707
Other liabilities			
Other payables and accrued expenses	9	109,432	174,098
Total other liabilities		109,432	174,098
Total liabilities		47,936,412	47,565,805

Profit and loss statement

(For the year ended 31 December)

(all amounts in USD)	Notes	2023	2022
Income from investment			
Dividend income		54,565	-
Interest income		1,855	-
Total income from investments		56,420	-
Revaluation of investments	10		
Realised results		2,530,331	1,431,528
Unrealised results		(1,481,317)	(2,003,234)
Total changes in value		1,049,014	(571,706)
Other results			
Foreign currency translation	11	1,971	7,300
Interest income on cash accounts		89,286	32,452
Total other results		91,257	39,752
Operating expenses			
Management fee	12	(267,954)	(268,108)
Amortisation of other incorporation costs	3	-	(2,737)
Administration fees	14	(23,653)	(23,663)
Depositary fees	15	(20,120)	(19,402)
Brokerage fees and other transaction costs		(4,882)	(4,942)
Audit fees	16	(18,037)	(12,595)
Legal fees		(101)	(7,931)
Other expenses		(47,909)	(23,673)
Total operating expenses		(382,656)	(363,051)
Result for the year		814,035	(895,005)

Statement of cash flows

(For the year ended 31 December)

(all amounts in USD)

	Notes	2023	2022
Cash flow from operating activities			
Purchases of investments		(6,679,329)	(1,000,000)
Proceeds from sales of investments		6,687,063	4,739,533
Interest received		98,462	21,313
Dividend received		44,891	-
Management and incentive fee paid		(333,663)	(437,385)
Operating expenses paid		(131,904)	(88,064)
		(314,480)	3,235,397
Cash flow from financing activities			
Proceeds from subscriptions to participations		-	125,000
Payments for redemption from participations		(378,762)	-
		(378,762)	125,000
Net cash flow for the year		(693,242)	3,360,397
Cash at beginning of the year		4,271,882	904,185
Foreign currency translation of cash positions		1,971	7,300
Cash at the end of the year	6	3,580,611	4,271,882

Notes to the financial statements

General

Theta Distressed Credit Opportunities Pool (the "Fund") is organized as a common contractual fund (fonds voor gemene rekening) under the laws of The Netherlands. The Fund was incorporated on 26 June 2020 and commenced operations on 1 July 2020.

The Fund is called a pool as we see it as a small collection of specialist managers providing access to a 'pool' of talent.

The Fund aims to provide investors with an investment vehicle which targets above average returns of 10%+ per annum on a five-year investment horizon by allocating to a pool of 4-8 hedge funds that focus on investing in dislocated credit instruments and distressed debt and restructuring opportunities.

The Fund is divided in two Classes: Class A and Class B.

The Fund has appointed Theta Fund Management B.V. as its Fund Manager. The Fund Manager is responsible for the execution of the investment policy and for the marketing of the Fund.

The professionals at the Fund Manager have substantial experience with investing in hedge funds. Theta's long history in the strategy secures access to the most successful hedge funds, which are typically highly capacity constrained and very selective as to whom they allow to invest. Theta sources the scarce talent and superior infrastructure required to execute such strategies but limit market risk by focusing on process risk and capturing differentiating risk premia such as complexity premium. Theta ensures a full alignment of interests and long-term staying power and avoids asset gatherers in favour of incentive driven managers. Theta will leverage their extensive industry network to gain access to these capacity constrained opportunities.

The Fund's investment activities are managed by the Fund Manager, with the administration delegated to Apex Fund Services (Netherlands) B.V.

The base currency of the Fund is US dollar.

The Fund Manager authorised these financial statements for issue on 28 June 2024.

Accounting policies

General

The financial statements are prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. The accounting principles of the Fund are summarised below. These accounting principles have all been applied consistently throughout the financial period.

Reporting period

The figures cover the year from 1 January 2023 through 31 December 2023.

Basis of accounting

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are valued according to the cost model.

Measurement currency

The amounts included in the financial statements are denominated in USD, which is the functional and presentation currency.

Receivables

Upon initial recognition the receivables are included at fair value and then valued at amortised cost. The fair value and amortised cost equal the face value. Possible provisions deemed necessary for the risk of doubtful accounts are deducted. These provisions are determined by individual assessment of the receivables.

Investments

Recognition and basis of measurement

All investment securities are initially recognised at cost. After initial recognition the investments will be valued at fair value.

Valuation

Investments in funds (fund-of-fund) will be valued on the basis of the latest available valuation of Investee Funds Interests provided by the administrators of the relevant Investee Fund. In the absence of quoted values or audited net asset value calculations, the valuation of the investments is based on the reported values of the respective funds in which the Fund has a position. Lacking any proper valuation, a fair price will be determined by the Fund Manager.

Gains and losses

Gains and losses are treated as realised for financial statement purposes on the trade date of the transaction closing or offsetting the open position. Unrealised gains and losses are the difference between the value initially recognised and fair value. All gains and losses are recognised in the profit and loss account.

Dividend and interest income

Dividends are recorded on the date that the dividends are declared, gross of applicable withholding taxes. Interest income is recognised on accrual basis.

Translation of foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into USD at the rates of exchange prevailing at yearend. Transactions in foreign currencies are translated at the rates of exchange prevailing at the date of the transaction. Realised and unrealised gains and losses on foreign currency transactions are charged or credited to the profit and loss account as foreign currency gains and losses except where they relate to investments where such amounts are included within realised and unrealised gains and losses on investments.

Brokerage/expenses

Commissions payable on opening and closing positions are recognised when the trade is entered into. Expenses are recorded in the period in which they originate. Transaction costs are borne by the Fund and be brought at the charge of the Fund's profit and loss account. Expenses on disposal of investments are deducted from the proceeds of disposal.

Cash and cash equivalents

For the purpose of presentation in the balance sheet and the cash flow statement, cash is defined as cash at banks and brokers. The cash at bank and brokers is valued at face value.

Cash flow statement

The statement of cash flows is prepared using 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.

Due to the nature of the Fund's operations, cash flows related to the financial instruments are included under operating activities. Cash flows from financing activities include proceeds from subscriptions and payments for redemptions of participations of the Fund.

Bank overdrafts that are repayable on demand form an integral part of the Fund's cash management and are a component of cash and cash equivalents.

The ongoing charges figure (OCF)

The ongoing charges figure contains all costs that have been charged to the Fund for the period 1 January 2023 until 31 December 2023 excluding the transaction costs, interest costs and incentive fees. The ongoing charges figure is calculated by dividing all the costs of the period with the average net asset value. The average net asset value is calculated by adding all the monthly net asset values and divide them by the number of month's used. For the calculation of the OCF, no lookthrough has been applied for investments in other investment funds.

Turnover ratio (TOR)

The turnover ratio is calculated the following way: the sum of all purchases of investments plus the sum of all the sales of investments minus the sum for the subscriptions and redemptions. The total of this number will be divided by the average net asset value of the Fund and multiplied by 100.

Notes to the statement of financial position

1. Investments

The movement of the financial instruments is as follows:

(all amounts in USD)	2023	2022
<i>Investment funds</i>		
Opening balance	40,662,784	47,594,023
Purchases	6,679,329	1,000,000
Sales	(12,382,136)	(7,359,533)
Realised investment result	2,530,331	1,431,528
Unrealised investment result	(1,481,317)	(2,003,234)
Position as per 31 December	36,008,991	40,662,784

2. Risk management

Market risk

Market risk is the risk that the value of a financial instrument fluctuates 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 contains market price risk, currency risk and interest rate risk. Where non-monetary financial instruments – for example, equity securities – are denominated in currencies other than the USD, the price initially expressed in foreign currency and then converted into USD also fluctuates because of changes in foreign exchange rates. The paragraph 'Currency risk' sets out how this component of price risk is managed and measured.

The level classification of the Fund's investments at 31 December is as follows:

(all amounts in USD)	2023	2022
Other*	36,008,991	40,662,784
Position as per 31 December	36,008,991	40,662,784

*Valuations based on the NAV communicated by the underlying fund managers, administrators or data vendors.

The total market risk that the Fund bears at 31 December 2023 is the total net financial assets and liabilities at fair value through profit or loss in the amount of USD 36,008,991 (2022: USD 40,662,784).

Exposure Risks

The Fund allocates to a pool of 4-8 hedge funds that focus on investing in dislocated credit instruments and distressed debt and restructuring opportunities. It may be that a particular manager may not achieve the target returns if they have wrongly analysed a situation. It is expected that the returns profile will differ from broader equity markets.

Currency risk

The Fund may invest in assets denominated in currencies other than its functional currency, the US dollar. Consequently, the Fund is exposed to risks that the exchange rate of the US dollar relative to other currencies may change in a manner which has an adverse effect on the reported value of that portion of the Fund's assets which are denominated in currencies other than the US dollar.

The Fund is not exposed to significant currency risk as all investments are denominated in US dollar.

Custody risk

The Fund's assets are held at Stichting Juridisch Eigenaar TDCOP with Northern Trust Global Services SE as Depository. All long positions are segregated and therefore their counterparty risk should be negligible. The regular cash accounts do result in counterparty risk to the custodian.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund may invest in securities or investment funds which can be illiquid and can apply a lock-up for their investors. This might have a pricing and liquidity effect on the Fund and might ultimately lead to a slower redemption process for investors in the Fund. The liquidity of the Fund is monitored by the Fund Manager on an ongoing basis.

The redemption of Participations may be limited to 10% of the Participations in issue on any Dealing Day in any Sub-Fund and the right to redeem may be suspended in the event of market disruption or a breakdown in the means employed to value the assets of the Fund. Class A participations are subject to a 2 year initial hard lockup and Class B participations are subject to a 1 year initial hard lockup.

3. Incorporation costs

The Fund has capitalised the costs of setting up the organisation of the Fund. The total incorporation costs amount to USD 70,515 and these are expensed in a period of 24 months.

(all amounts in USD)	2023	2022	Cumulative
Opening balance	-	17,330	-
Prepaid setup costs	-	-	70,515
Amortisation	-	(17,330)	(70,515)
Balance as per 31 December	-	-	-

4. Due from brokers

The amount for due from broker consists of balances at brokers on which no restrictions on the use exist at 31 December 2023 and 31 December 2022.

5. Other receivables

(all amounts in USD)	2023	2022
Dividend receivable	9,674	-
Interest receivable	3,818	11,139
Due from Management Co.	18,245	-
Balance as per 31 December	31,737	11,139

6. Cash and cash equivalents

At 31 December 2023 and 31 December 2022 no restrictions on the use of cash exist.

7. Net assets value

Total for the Fund	2023		2022	
	Amounts	Number of participations	Amounts	Number of participations
(all amounts in USD)				
Net assets at beginning of year	47,391,707	40,533.20	48,161,712	40,423.92
Proceeds from participations issued	-	-	125,000	109.29
Redemptions of participations	(378,762)	(323.69)	-	-
Net change from transactions with participation holders	(378,762)	(323.69)	125,000	109.29
Result for the year	814,035		(895,005)	
Net assets at end of year	47,826,980	40,209.51	47,391,707	40,533.20

Class A USD Participations	2023		2022	
	Amounts	Number of participations	Amounts	Number of participations
(all amounts in USD)				
Net assets at beginning of year	10,087,345	8,518.27	10,256,468	8,518.27
Proceeds from participations issued	-	-	-	-
Redemptions of participations	(148,069)	(125.00)	-	-
Net change from transactions with participation holders	(148,069)	(125.00)	-	-
Result for the year	194,318		(169,123)	
Net assets at end of year	10,133,594	8,393.27	10,087,345	8,518.27

Class B USD Participations	2023		2022	
	Amounts	Number of participations	Amounts	Number of participations
(all amounts in USD)				
Net assets at beginning of year	37,304,362	32,014.94	37,905,244	31,905.65
Proceeds from participations issued	-	-	125,000	109.29
Redemptions of participations	(230,693)	(198.70)	-	-
Net change from transactions with participation holders	(230,693)	(198.70)	125,000	109.29
Result for the year	619,717		(725,882)	
Net assets at end of year	37,693,386	31,816.24	37,304,362	32,014.94

(all amounts in USD)

	2023	2022
Participations paid in surplus		
Balance at the beginning of the year	41,386,352	41,261,352
Proceeds from participations issued	-	125,000
Redemptions of participations	(378,762)	-
Balance at the end of the year	41,007,590	41,386,352
Revaluation reserve		
Balance at the beginning of the year	5,595,884	7,727,234
Revaluations of illiquid investments	(190,299)	(2,131,351)
Balance at the end of the year	5,405,584	5,595,883
Other reserve		
Balance at the beginning of the year	1,304,477	(7,727,234)
Change in revaluation reserve	190,299	2,131,351
Appropriation of result previous year	(895,005)	6,900,360
Balance at the end of the year	599,771	1,304,477
Result current year		
Balance at the beginning of the year	(895,005)	6,900,360
To other reserve	895,005	(6,900,360)
Result current year	814,035	(895,005)
Balance at the end of the year	814,035	(895,005)
Net assets at end of the year	47,826,980	47,391,707

8. Fund's capital

Classes

Participations in different Classes of the Fund relate to the same portfolio of assets and liabilities and differ only in the Net Asset Value, the Incentive Fee and Management Fee potentially to be paid, the remaining lock-up period and the redemption conditions depending on the Class in the Fund. After the end of the first financial year following the expiration of the lock-up period of a particular Series, the Series may be converted into one Series of the same Class in the same Fund.

Subscriptions

The Fund may issue Participations in a Fund in the form of Series of a Class on each particular Dealing Day. Participations in different Classes in a Fund relate to the same portfolio of assets and liabilities and differ only in the Net Asset Value, the Incentive Fee and Management Fee potentially to be paid and the remaining lock-up period. After the end of the first financial year following the expiration of the lock-up period of a particular Class, the Series may be converted into one Series of the Fund.

Redemptions

Participants will have the possibility to redeem Participations starting a (quarterly) Dealing Day following at least 90 calendar days prior written notice given to Theta and subject to a lock-up period, if applicable.

All redemption requests will be executed subject to a 25% investor gate. Each redemption will be redeemed at a price equal to the Net Asset Value of the relevant Series on the Dealing Day on which the redemption is effected. The investor gate will be calculated as 25% of the highest balance of the Participant's holdings in the relevant Series on any of the four Dealing Days immediately preceding the redemption request. Any excess over the amount of the investor gate will be redeemed at the following Dealing Day subject again to the investor gate. For clarity, this means for example that a Participant wishing to redeem 50% of his holdings will have his request met in full over 2 Dealing Days. A 100% redemption will be met in full over 4 Dealing Days.

Once a redemption request has been accepted by Theta, any costs incurred as a result of withdrawal of the redemption request will be charged to the Participant. Theta may limit the redemption of Participations on any Dealing Day to a maximum of 10% of the outstanding Participations in the Sub-Fund on such Dealing Day. In the event Theta invokes its right to limit the redemptions to the 10% threshold, it will allocate the redemptions that will be executed on a pro rata basis.

The minimum Net Asset Value to be redeemed subject to one redemption request should at least equal €100,000 or 100 Participations.

Distributions

Theta shall have sole discretion whether to distribute any income of the Fund or whether to retain it within the Fund. All investment gains, paid out dividends or other distributions by Investee Funds will be reinvested within the Fund. However, Theta has the option to make distributions, these shall be made to Participants in the Fund, pro rata to their Participations.

9. Other liabilities

(all amounts in USD)

	2023	2022
Management fees payable	67,210	132,919
Audit fees payable	18,406	17,847
Administration fees payable	6,043	6,087
Custody fees payable	6,928	6,718
Depository fees payable	10,266	9,954
Other liabilities	579	573
Position as per 31 December	109,432	174,098

Notes to the profit and loss statement

10. Revaluation of investments

(all amounts in USD)

	2023	2022
<i>Net realised result on financial assets and liabilities at fair value through profit or loss</i>		
Realised gains on investment funds	2,530,331	1,431,528
Total realised result	2,530,331	1,431,528
<i>Net unrealised result on financial assets and liabilities at fair value through profit or loss</i>		
Unrealised gains on investment funds	2,060,806	2,028,304
Unrealised losses on investment funds	(3,542,123)	(4,031,538)
Total unrealised result	(1,481,317)	(2,003,234)
Total revaluation of investments	1,049,014	(571,706)

11. Foreign currency translation

Realised and unrealised exchange differences consist of realised and unrealised translation gains (losses) on assets and liabilities other than financial instruments at fair value through profit or loss and amount to a gain of USD 1,971 (2022: a gain of USD 7,300).

12. Management fee

The Fund Manager shall be entitled to receive an annual management fee up to a one per cent (1%) of the Net Asset Value of a class. The management fee shall accrue on each dealing day by reference to the Net Asset Value on that day and be paid quarterly in arrears on, the last business day in each of March, June, September and December.

The following management fee percentages are applied per Class:

- Class A 0.350%
- Class B 0.625%

The management fee for the period ended 31 December 2023 amounts to USD 267,954 (2022:USD 268,108).

13. Incentive fee

The Fund Manager shall be intitled to receive an incentive fee. The incentive fee shall be calculated out of each series in respect of each financial year. The incentive fee shall be based on the amount by which the total return exceeded the benchmark return ('hurdle rate'), 5% per annum.

The following incentive fee percentages are applied per Class:

- Class A 5.00%
- Class B 7.50%

The incentive fee for the period ended 31 December 2023 amounts to nil (2022: nil).

14. Administration fees

Apex Fund Services (Netherlands) B.V. serves as Administrator of the Fund. The annual fee charged by the Administrator equals 0.05% of the NAV with a minimum fixed fee of € 15,000. All fees are excluding VAT.

The administrator fee for the period ended 31 December 2023 amounts to USD 23,653 (2022: USD 23,663).

15. Depositary expenses

Darwin Depositary Services B.V. (hereinafter "the Depositary") receives a fixed fee from the Fund as remuneration for the services of the board of the Depositary, equal to USD 16,500 (excluding VAT) per annum.

The depositary expenses for the period ended 31 December 2023 amounts to USD 20,120 (2022: USD 19,402).

16. Audit fees

The Fund appointed RSM Netherlands Accountants N.V. as the Independent Auditor. The annual audit fee charged by the Independent Auditor amounts to EUR 16,674 (2022: USD 12,595, equivalent of EUR 16,674). The Independent Auditor does not provide any non-audit services to the Fund.

17. Related party

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 Fund Manager is therefore a related party, please refer to note 12 and 13 for the transactions between the Fund and the Fund Manager.

18. Taxation

The Fund is structured as transparent for Dutch tax purposes. Accordingly, the Fund is not subject to Dutch corporate income tax. From a Dutch tax perspective, the assets and liabilities, as well as the revenues of the Fund are attributed to the individual Unit Holders pro rata to their interest in the Fund.

19. Ongoing charges figure (OCF)

(all amounts in USD)	2023		2022	
	Class A USD	Class B USD	Class A USD	Class B USD
Average net asset value	10,051,092	37,165,211	10,065,313	37,164,145
Total ongoing expenses	58,594	319,180	54,351	303,758
Ongoing charges figure	0.58%	0.86%	0.54%	0.82%

For the calculation of the OCF, no lookthrough has been applied for investments in other investment funds. These indirect expenses are therefore not included in the calculated OCF.

20. Turnover ratio's (TOR)

The turnover ratio for the Fund for the year ended 31 December 2023 is: 39.6% which means 0.396 times (2022: 17.4% which means 0.174) of the average Net Asset Value is traded besides trades resulting from subscriptions and redemptions.

21. Core business and outsourcing

The following key task has been delegated by the Fund:

Administration

The administration has been outsourced to Apex Fund Services B.V. who carries out the administration of the Fund, including the processing of all investment transactions, processing of revenues and expenses and the preparation of the NAV. It also states, under the responsibility of the AIFM, the interim report and the financial statements of the Fund. For information on the fees of the Administrator refer to note 14.

Fund Manager

Theta Fund Management B.V. is the Fund Manager of the Fund. For information on the fees of the Fund Manager refer to note 10.

22. Proposed appropriation of the result

The result for the year ended 31 December 2023 has been added to the net asset value.

23. Events after reporting date

In January 2024 125.00 Class A participations and 19,720.74 Class B participations have been redeemed. The value of these participations were USD 150,918 and USD 23,363,548 for Class A and Class B respectively.

Amsterdam, 28 June 2024

Fund Manager
Theta Capital Management B.V.

Other Information

Independent Auditor's report

The independent auditor's report has been attached at the end of this report.

Independent auditor's report

To: the participants and investment manager of Theta Distressed Credit Opportunities Pool

RSM Netherlands Accountants N.V.

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INDEPENDENT AUDITOR'S REPORT

To: the participants and investment manager of Theta Distressed Credit Opportunities Pool

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements 2023 of Theta Distressed Credit Opportunities Pool based in Amsterdam, the Netherlands.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Theta Distressed Credit Opportunities Pool as at 31 December 2023 and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet as at 31 December 2023;
2. the profit and loss statement for 2023; and
3. the notes comprising of 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 Theta Distressed Credit Opportunities Pool` in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), 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.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach fraud risks

We identified and assessed the risk of material misstatement to the financial statements due to fraud and evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We considered available information and made enquiries of relevant executives and directors as our audit standards prescribe.

We incorporated elements of unpredictability in our audit. During the entire audit we remained alert to indications of fraud and considered the impact on our audit if any. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

Risk of management override of controls

We addressed the risk of management override of controls, including evaluating journal entries, transactions outside the normal course of business and whether there was evidence of potential bias by management when making assumptions and estimates that may represent a risk of material misstatement due to fraud. We evaluated manual journal entry postings. The audit procedures to respond to the assessed risks of management bias include, among others, evaluation of the design and the implementation of internal controls that intend to mitigate fraud risks, evaluation of the valuation of the investments.

Revenue recognition

With regard to the risk of fraud in revenue recognition we concluded that this risk is related to the occurrence / completeness of revenue transactions. We performed procedures to address this risk, including evaluation of the design and implementation of relevant internal controls, tracing a sample of revenue transactions to the supporting documents, and validating unusual journal entries. We incorporated elements of unpredictability in our audit. During the audit we remained alert to indications of fraud and considered the impact on our audit, if any. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

Audit approach going concern

As disclosed in the financial statements, management performed their assessment of the company's ability to continue as a going concern for the foreseeable future and has not identified events or conditions that may cast significant doubt on the company's ability to continue as a going concern. Our procedures to evaluate management's going concern assessment included, among others considering whether management's going concern assessment includes relevant information of which we are aware as a result of our audit and inquiring with management regarding management's most important assumptions underlying its going concern assessment.

Report on the other information included in the annual report

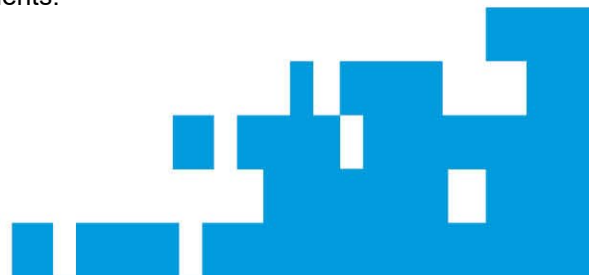
The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

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 all the information regarding the management report and the other 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.



Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of the manager of the investment entity 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 of the investment entity is responsible for such internal control as the manager of the investment entity 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 of the investment entity is responsible for assessing the investment entity's ability to continue as a going concern. Based on the financial reporting framework mentioned, the manager of the investment entity should prepare the financial statements using the going concern basis of accounting, unless the manager of the investment entity either intends to liquidate the investment entity or to cease operations, or has no realistic alternative but to do so.

The manager of the investment entity 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

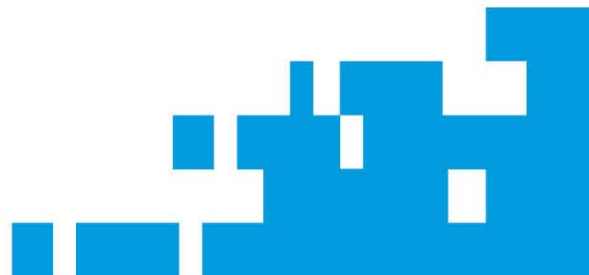
Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

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

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. That 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 judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- 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 manager of the investment entity;



- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required 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. However, future events or conditions may cause an investment entity to cease to continue as a going concern.
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- 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.

Amsterdam, 28 June 2024

RSM Netherlands Accountants N.V.

M. Buiteman RA

