

ANNUAL REPORT

Theta Legends Fund

Year ended 31 December 2022

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General information

Fund Manager

Theta Fund Management B.V.
Concertgebouwplein 19
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The Netherlands
Tel: +31 20 5722733

Legal Owner

Stichting Bewaarbedrijf Legends XL Fund
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Tel: +31 20 5722743

Legal and Tax Counsel

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1017 AH Amsterdam
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Administrator

Apex Fund Services (Netherlands) B.V.
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1181 LD Amstelveen
The Netherlands
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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,
1033 SN Amsterdam
The Netherlands

Key figures

	2022
Class A (Euro) Participations	
Net Asset Value at 31 December	22,484,677
Outstanding participations at 31 December	170,370.33
Net Asset Value per unit at 31 December	131.97
Class B (USD) Participations	
Net Asset Value at 31 December	9,214
Outstanding participations at 31 December	66.00
Net Asset Value per unit at 31 December	139.60
Total for the Fund	
Net Asset Value at 31 December	22,493,891
Outstanding units at 31 December	170,436.33
Direct income from investments	17,752
Change in value	(6,057,919)
Other results	(183,287)
Costs	(320,667)
Total investment result for the period	(6,544,121)
Investment result per unit Class A (Euro)¹	
Direct income from investments	0.09
Change in value	(31.62)
Other results	(0.96)
Costs	(1.67)
Total investment result per unit	(34.16)
Investment result per unit Class B (USD)¹	
Direct income from investments	0.10
Change in value	(36.03)
Other results	(0.96)
Costs	(1.53)
Total investment result per unit	(38.42)

¹ The result per unit is calculated using the average number of outstanding units as per the end of the period.

Fund Manager report

Theta Legends Fund year-to-date performance was -20.30%. The reference HFRX Global Hedge Fund Index (EUR) was -6.28% in 2022.

Investors faced a challenging year in 2022, with a deep and concerted downturn in global stock and bond markets. The S&P 500, for instance, experienced a sharp decline, closing the year down -18.1%. Similarly, credit indices, such as the JPM Global Investment Grade, plummeted by -16.7%, while the BofA U.S. High Yield Index experienced a -11.2% decline.

These sharp market downturns can be attributed to the implementation of stricter monetary policies by central banks, in response to persistent high inflation. The convergence of a geopolitical crisis and growing concerns of a global recession further exacerbated the situation. In particular, Russia's incursion into Ukraine resulted in significant disruptions in global commodity and energy markets. This, coupled with China's rigorous COVID-19 elimination strategy, placed immense pressure on worldwide economic activity and expansion.

The year 2022 demonstrated the importance of maintaining a diversified portfolio beyond just stocks and bonds and the alternative, active strategies of hedge funds can provide that. Eight out of the eleven hedge fund Legends that make up our portfolio outperformed the index. That we nonetheless ended with double digit losses was fully attributable to a deep drawdown by Pantera, following its extremely strong return in 2021. Even though we did realize significant gains on the Pantera position in 2021, it remained a large component of the portfolio in 2022 causing its drawdown to have a big effect. If we were to disregard Pantera's negative contribution for the year, the Legends fund would have denoted a close to flat positive return. Despite the pullback, the returns generated by the Legends over the past two years remain substantial (+20.1%) and we expect the Fund to perform strongly going forward as the new financial conditions provide a wider range of investment opportunities for our managers than we have seen in a very long time.

The bulk of our managers were able to profit from the market downturn. For example, Saba Capital, managed by Boaz Weinstein returned +24%, capitalized on a combination of long volatility trades and carefully timed tail risk strategies. Brevan Howard, who just like Saba excelled in 2022, posted a +18% gain. Reaping the benefits of the chaos in energy markets and rising interest rates. Our multi-strategy managers, Millennium and Point72, also demonstrated another year of resiliency, up +10% and 9% respectively. Managers that got hit were Pantera (-77%), Pershing Square (-16%), Egerton Long-Short (-15%) and VR Global (-6%), as these funds run with higher equity and fixed income beta.

As we move forward, we continue to monitor market conditions closely and adjust our portfolio as necessary to achieve maximum risk-adjusted returns. We remain happy with the positioning of the eleven elite, long-standing successful hedge funds and believe they will continue to adapt to the changing market environment to generate outstanding returns.

As a final note to investors, we have exited Millennium due to the changes in the liquidity profile that do not match the monthly redemption, 90-day notice terms of the Theta Legends fund. Millennium will still be available on our managed account platform where clients get access to a customised portfolios and reporting.

Clarification 20% at cost rule

At the commencement of 2022, a position exceeded 20% of the total portfolio weight and our depositary requested clarification regarding the consistency of this with our PPM. The PPM stipulates that no single investment in a fund representing 20% or more of the book value of the Fund Assets at cost. Depositary and Theta aligned on interpretation and wish to emphasize that this statement indicates that we cannot add (to) a position to the portfolio that would exceed a weight of 20% (at cost). However, the position may exceed 20% through capital gains or Fund redemptions, and this would not be in violation of the aforementioned statement.

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 2023 NAV if risk materializes	Impact on 2022 NAV	Adjustments to risk management in 2022 or 2023?
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 15% (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 direct 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. 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 2023 NAV if risk materializes	Impact on 2022 NAV	Adjustments to risk management in 2022 or 2023?
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 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 totalled EUR 686,171 (2021: EUR 132,174). The variable component of the personnel costs amounted to EUR 44,704 (2021: EUR 15,622)

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 TDCOP 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 2022 functioned effectively as described.

During 2022 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.

30 June 2023

Financial statements

Balance sheet as at 31 December

(all amounts in EUR)	Notes	2022
Assets		
Investments	1	
Investment funds		21,663,314
FX Forwards		372,180
Total of investments		22,035,494
Intangible assets	3	
Deferred organisation costs		24,980
Total of intangible assets		24,980
Receivables		
Other receivables and accrued income	7	253
Total of receivables		253
Other assets		
Cash and cash equivalents	4	589,035
Total of other assets		589,035
Total assets		22,649,762
Liabilities		
Equity	5	
Participants equity		29,038,012
Result current year		(6,544,121)
Total equity		22,493,891
Other liabilities		
Accrued expenses and other payables	8	155,871
Total other liabilities		155,871
Total liabilities		22,649,762

Profit and loss statement

(For the year ended 31 December)

(all amounts in EUR)	Notes	2022
Income from investments		
Dividend income		17,752
Total income from investments		17,752
Revaluation of investments	9	
Realised results		(528,773)
Unrealised results		(5,529,146)
Total changes in value		(6,057,919)
Other results		
Foreign currency translation	10	(186,490)
Interest income		3,203
Total other results		(183,287)
Operating expenses		
Management fees	11	(167,985)
Interest expenses	12	(29,885)
Amortisation intangible assets		(24,980)
Administration expenses	13	(20,000)
Depositary fees	14	(31,713)
Legal fees		(24,200)
Brokerage fees and other transaction costs		(3,024)
Audit fees	15	(20,994)
Other operating expenses		2,114*
Total operating expenses		(320,667)
Result for the year		(6,544,121)

*The other operating expenses during 2022 are positive due to a reversal from the previous Legends fund

Statement of cash flows

(For the year ended 31 December)

(all amounts in EUR)

Notes

2022**Cash flow from operating activities**

Purchases of investments

-

Proceeds from sales of investments

2,178,285

Interest received

2,950

Dividend received

17,752

Management fee paid

(91,156)

Interest paid

(29,885)

Operating expenses paid

(68,735)

Net cash flow used in operating activities**2,009,211****Cash flow from financing activities**

Proceeds from subscriptions to participations

3,045,475

Payments on redemptions of participations

(4,279,161)

Net cash flow from financing activities**(1,233,686)****Net cash flow for the year****775,525**

Cash at beginning of the year

-

Foreign currency translation of cash positions

(186,490)

Cash at the end of the year

4

589,035

Notes to the financial statements

General

Theta Legends Fund (the "Fund") is organized as a common contractual fund (fonds voor gemene rekening) under the laws of The Netherlands. The Fund is the successor entity of Legends Fund which was liquidated on 1 January and effectively continued through a merger as Theta Legends Fund pursuant to which all assets and liabilities of Legends Fund have been contributed to the Fund against the issue of participations.

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 Fund is divided in two Classes: Class A (Euro) and Class B (USD).

The Fund invests in hedge funds (collective investment vehicles) that have an outstanding investment history and have proven adaptiveness to changing market environments through various economic cycles. The Fund has a wide investment mandate, enabling the Manager to take advantage of investment opportunities that offer significant potential returns.

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 participations in between 10 and 20 hedge funds with no single investment in a fund representing 20% or more of the book value of the Fund Assets at cost. Diversification is sought through the underlying markets, securities, investment strategies, trading styles and regions, rather than the number of hedge funds.

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

The Fund Manager authorised these financial statements for issue on 30 June 2023.

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 year.

Reporting period

The figures cover the period from 1 January 2022 through 31 December 2022. This is the first year of financial reporting of the Fund and therefore no comparative information is included in the financial statements.

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 EUR, 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.

Organisation costs

Organisational cost are the set-up costs which constitute costs of advisors and other costs and fees directly connected with the incorporation, out-of-pocket expenses and costs connected with pre-establishment preparatory and research activities up to the initial closing. Valuation takes place at cost and will be amortised over a period of 24 months after inception.

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 period 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.

Taxation

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.

The ongoing charges figure (OCF)

The ongoing charges figure contains all costs that have been charged to the Fund for the period 1 January 2022 until 31 December 2022 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 this period the number of months 12). 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 EUR)

	2022
<i>Investment funds</i>	
Opening balance	-
Purchases	30,212,379
Sales	(3,807,381)
Realised results	1,100,323
Unrealised results	(5,842,007)
Position as per 31 December	21,663,314
<i>FX Forwards</i>	
Opening balance	-
Sales	1,688,415
Realised results	(1,629,096)
Unrealised results	312,861
Position as per 31 December	372,180
<i>Total investments</i>	
Opening balance	-
Purchases	30,212,379
Sales	(2,118,966)
Realised results	(528,773)
Unrealised results	(5,529,146)
Position as per 31 December	22,035,494

The table below provided an analysis of the forward currency contracts as at 31 December 2022:

(all amounts in EUR)

Expiration date	Currency	Bought	Currency	Sold	Contract rate	Current rate	Market Value
28-02-2023	EUR	12,612,949	USD	13,156,000	1.04306	1.07477	372,180

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 EUR, the price initially expressed in foreign currency and then converted into EUR 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 EUR)	2022
Derived from broker quotes	372,180
Other*	21,663,314
Position as per 31 December	22,035,494

*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 2022 is the total net financial assets and liabilities at fair value through profit or loss in the amount of EUR 22,035,494.

Currency risk

The Fund may invest in assets denominated in currencies other than its functional currency, the Euro. Consequently, the Fund is exposed to risks that the exchange rate of the Euro 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 Euro.

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 currency exposure of the Fund at 31 December 2022 is as follows:

(all amounts in EUR)	Net position	FX contracts	Currency exposure	% of NAV
31 December 2022				
Euro	9,972,342	12,612,949	22,585,291	100,41
US Dollar	12,521,549	(12,612,949)	(91,400)	(0,41)

Custody risk

The Fund's assets are held at Northern Trust Global Services SE as Depository. All 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.

3. Incorporation costs

The Fund has capitalised the costs of setting up the organisation of the Fund. The total incorporation costs amount to EUR 49,960 and these are expensed in a period of 24 months.

(all amounts in EUR)

	2022	Cumulative
Opening balance	-	-
Prepaid setup costs	49,960	49,960
Amortisation	(24,980)	(24,980)
Balance as per 31 December	24,980	24,980

4. Cash

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

5. Equity**Total for the Fund**

(all amounts in EUR)

	2022	
	Amounts	No. of shares
Equity at beginning of period	-	-
Proceeds from participations issued	33,317,173	201,308.00
Redemption of participations	(4,279,161)	(30,872.00)
Net change from transactions with participation holders	29,038,012	170,436.00
Result for the period	(6,544,121)	
Equity at end of period	22,493,891	170,436.00

Class A (EUR) Participations

(all amounts in EUR)

	2022	
	Amounts	No. of shares
Equity at beginning of period	-	-
Proceeds from participations issued	33,299,868	201,209.00
Redemption of participations	(4,274,187)	(30,839.00)
Net change from transactions with participation holders	29,025,681	170,370.00
Result for the period	(6,541,004)	
Equity at end of period	22,484,677	170,370.00

Class B (USD) Participations

(all amounts in EUR)

	2022	
	Amounts	No. of shares
Equity at beginning of period	-	-
Proceeds from participations issued	17,305	99.00
Redemption of participations	(4,974)	(33.00)
Net change from transactions with participation holders	12,331	66.00
Result for the period	(3,117)	
Equity at end of period	9,214	66.00

Legal reserve

The incorporation costs have been capitalised and are amortised over a 2-year period. For a corresponding amount, a legal reserve has been formed. At 31 December 2022, the legal reserve amounts to EUR 24,980.

6. Fund's capital

Classes

The Fund may issue Participations in various Classes. All Classes will be subject to the same investment objectives and strategy but will have a currency hedge strategy linked to the currency of the Class. 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 effected.

Subscriptions

Subscriptions for the Participations can be made each Valuation Day and are accepted at the Net Asset Value of the respective Class on such Valuation Day. Multiple subscriptions by a Participant are allowed and will be processed as normal subscriptions. The Participations are issued at the Net Asset Value at the first available Net Asset Value date following the date the subscription was received by the Manager.

Redemptions

Participations, including fractions thereof, may be redeemed on a Valuation Day (pursuant to written notice, which must be received by the Administrator by 18:15 hours (Amsterdam time) at least 90 calendar days prior to the Valuation Day). Once a redemption request has been accepted by the Fund, any costs incurred as a result of withdrawal of the redemption request will be charged to the Participant.

The Manager is not obliged to redeem more than 10% of the total outstanding Participations in a Class in issue on any Redemption Day. Issuance and redemption of Participations may be suspended by the Manager in the event of, inter alia, market disruption or breakdown of means of valuing the Fund.

Unless otherwise determined by the Manager, the minimum value of 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).

Redemptions are paid at the Net Asset Value of the respective Class as of the close of business of such Valuation Day, less the redemption charge payable to the Fund.

7. Other receivables

(all amounts in EUR)	2022
Interest receivable	253
Position as per 31 December	253

8. Other liabilities

(all amounts in EUR)	2022
Management fees payable	76,829
Audit fees payable	16,674
Custody fees payable	9,525
Depositorys fee payable	13,220
Administration fees payable	5,000
Other liabilities	34,623
Position as per 31 December	155,871

Notes to the profit and loss statement

9. Revaluation of investments

(all amounts in EUR)

	2022
<i>Net realised result on financial assets and liabilities at fair value through profit or loss</i>	
Realised gains on investment funds	1,128,437
Realised loss on investment funds	(28,114)
Realised loss on forwards	(1,629,096)
Total realised result	(528,773)
<i>Net unrealised result on financial assets and liabilities at fair value through profit or loss</i>	
Unrealised gains on investment funds	3,422,470
Unrealised loss on investment funds	(9,264,477)
Unrealised gains on forwards	312,861
Total unrealised result	(5,529,146)
Total revaluation of investments	(6,057,919)

10. 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 loss of EUR 186,490.

11. 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 0.625%
- Class B 0.625%

The management fee for the year ended 31 December 2022 amounts to EUR 167,985.

12. Incentive fee

The Fund Manager shall be entitled 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 5.00%

The incentive fee for the year ended 31 December 2022 amounts to EUR nil.

13. Administration fees

Apex Fund Services (Netherlands) B.V. serves as Administrator of the Fund. The annual fee charged by the Administrator equals 0.045% of the NAV with a minimum fixed fee of EUR 20,000. All fees are excluding VAT.

The administrator fee for the period ended 31 December 2022 amounts to EUR 20,000.

14. Depositary expenses

The Depositary receives a fixed fee from the Fund as remuneration for the services of the board of the Depositary, equal to EUR 20,000 (excluding VAT) per annum.

The depositary expenses for the period ended 31 December 2022 amounts to EUR 31,713.

15. Audit fees

The Fund appointed RSM Netherlands Accountants N.V. as the Independent Auditor. The Independent Auditor's remuneration consists of EUR 20,994 audit fee. The Independent Auditor does not provide any non-audit services to the Fund.

16. 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 11 and 12 for the transactions between the Fund and the Fund Manager.

17. Ongoing charges figure (OCF)

(all amounts in EUR)

	Class A (EUR)	Class B (USD)
Average net asset value	26,818,677	12,073
Total ongoing expenses	296,720	113
Ongoing charges figure	1.11%	0.93%

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.

18. Turnover ratio's (TOR)

The turnover ratio for the Fund over the year is 19,6% which means 0,19 times of the average Net Asset Value is traded besides trades resulting from subscriptions and redemptions.

19. 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 13.

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 11.

20. Proposed appropriation of the result

The Fund will not distribute any dividend. The result for the year ended 31 December 2022 will be added to the equity of participants.

21. Events after reporting date

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

Amsterdam, 30 June 2023

Fund Manager

Theta Capital Management B.V.

Other Information

Personal holdings of the Board of Directors of the Fund Managers

At 31 December 2022, the Board of Directors of the Fund Manager had no personal interests in investments the Fund holds in portfolio at these dates.

Independent Auditor's report

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

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INDEPENDENT AUDITOR'S REPORT

To: the participants and investment manager of Theta Legend Fund

Report on the audit of the financial statements 2022 included in the annual report

Our opinion

We have audited the financial statements 2022 of Theta Legend Fund based in Amsterdam, the Netherlands.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Theta Legend Fund as at 31 December 2022 and of its result for 2022 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 2022;
2. the profit and loss statement for 2022; 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 Legend Fund` 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, and retrospective review of prior year's estimates.

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, 30 June 2023

RSM Netherlands Accountants N.V.

M. Buiteman RA