

Legends Fund

The Netherlands

ANNUAL REPORT

for the year ended 31 December 2015

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General information

Fund Manager	Theta Fund Management B.V. Concertgebouwplein 19 1071 LM Amsterdam The Netherlands
Administrator	Custom House Fund Services (Netherlands) B.V. Westblaak 89 P.O. Box 25121 3001 HC Rotterdam The Netherlands
Legal Owner	Stichting Bewaarbedrijf Legends XL Fund 101 Barbara Strozzilaan 1083 HN 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 PS Amsterdam P.O. Box 75306 1070 AH Amsterdam The Netherlands
Custody Banks	ABN AMRO Clearing Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands ABN AMRO Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands
Listing Agent	SNS Securities N.V. Nieuwezijds Voorburgwal 162 1012 SJ Amsterdam The Netherlands
Depository	Darwin Depository Services B.V. 101 Barbara Strozzilaan 1083 HN Amsterdam The Netherlands

General information

Liquidity Providers

SNS Securities N.V.
Nieuwezijds Voorburgwal 162
1012 SJ Amsterdam
The Netherlands

IMC Trading B.V.
Strawinskylaan 377
1077 XX Amsterdam
The Netherlands

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

	2015	2014	2013	2012	2011 ²
<i>(All amounts in EUR)</i>					
Equity	25,445,409	23,978,982	19,858,120	28,505,653	13,563,389
Number of participations					
Class A	246,876	230,990	200,505	320,248	164,387
Class B	174	-	-	-	-
Shareholders' equity per participation					
Class A	102.98	103.92	98.91	88.53	83.26
Class B	102.98	-	-	-	-
Ongoing charges ratio (including incentive fee) ¹	1.54%	2.76%	2.52%	2.04%	-
Ongoing charges ratio (excluding incentive fee) ¹	1.54%	2.48%	2.38%	2.00%	-
Expense ratio ¹	-	-	-	-	2.40%
Turnover ratio	13.92%	60.27%	22.11%	8.44%	11.40%
Performance of the Fund	(0.91%)	5.07%	11.72%	6.33%	(16.74%)
Weighted average number of participations	243,220	189,827	271,483	372,197	165,393
Net profit					
Investment income	9,007	5	192	1,943	2,611
Indirect investment result	111,527	1,427,221	3,229,118	1,756,191	(2,421,993)
Expenses	<u>(395,485)</u>	<u>(532,854)</u>	<u>(660,267)</u>	<u>(618,060)</u>	<u>(481,814)</u>
Net profit	<u>(274,951)</u>	<u>894,372</u>	<u>2,569,043</u>	<u>1,140,074</u>	<u>(2,901,196)</u>
Net profit per participation					
Investment income	0.04	0.00	0.00	0.00	0.01
Indirect investment result	0.46	7.52	11.89	4.72	(14.64)
Expenses	<u>(1.63)</u>	<u>(2.81)</u>	<u>(2.43)</u>	<u>(1.66)</u>	<u>(2.91)</u>
Net profit per participation	<u>(1.13)</u>	<u>4.71</u>	<u>9.46</u>	<u>3.06</u>	<u>(17.54)</u>

¹ In 2012, the total expense ratio ("TER") was replaced by the ongoing charges ratio.

² The Fund commenced operations on 1 March 2011.

Report of the Fund Manager

The Legends Fund (the “Fund”) was down -0.90% in 2015. This compares to a -3.64% return for the HFRX Global Hedge Fund Index and -1.84% for the MSCI World AC TR Index. While a disappointing result, we are happy that our managers did protect capital in a treacherous investment environment, and that the Fund is in a good position to capitalize on the investment opportunities thrown up by the large moves in underlying markets.

As the negative HFRX Global Hedge Fund Index indicates, 2015 was a difficult year for hedge fund strategies. It was an environment that didn’t reward value-investing. Also, the sharp reversals in markets made it a difficult one for Trend Following and Global Macro investing. Sectors that appeared to offer relatively safe havens, such as US Healthcare, suffered large losses in Q3 and Q4. This also hurt our Event Driven managers. What did work was investing in US growth companies like Amazon and Facebook, and shorting names in the materials space. Our Long Short Equity funds had the correct positioning.

In summary, the Fund had a strong start to the year, kept up well throughout a volatile summer but experienced a difficult Q4. The Event Driven strategy drove the losses, more than offsetting the gains in Long-Short Equity and Relative Value. The Global Macro strategy was flat for the year.

In those cases, where our managers suffered losses, these losses remain largely unrealized. As fundamentals have not changed according to our managers, the fall in share prices only makes them more attractive to own.

Outlook

As a result of the above, our outlook for the Fund is positive. Several of the underlying hedge funds have suffered significant drawdowns and our experience is that such periods do offer the best times to be invested. We expect each of our underlying funds to recover and more. By rebalancing between the best and worst performers we strive to further enhance the current upside in the portfolio.

At the same time the general investment climate for hedge funds remains challenging. As long as current dominant forces (central banks, the Chinese government) continue to drive what is in our mind a broad misallocation of capital, managers with a strategy to identify fundamental value will need to have sufficient staying power to bridge volatile markets before their investment theses materialize. Our selection of managers has all the right attributes (matching liquidity terms, a high quality investor base and effective risk management) to provide such staying power.

The same forces that are making it a challenging market environment, also provide for a significantly better than average opportunity set. However, we do anticipate that the time to reap the rewards of superior analysis can be more protracted than in a more normal market environment.

No changes were made to the portfolio of the Fund in 2015. In 2016 we will add VR Global to the Relative Value strategy.

Risk management and willingness to take risks

In the table overleaf we list the various risk 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.

Report of the Fund Manager

Risk management and willingness to take risks (continued)

Sorts of risks	Risk hedged	Measures applied and expected effectiveness	Expected impact on 2016 NAV if risk materializes	Impact on 2015 NAV	Adjustments to risk management in 2015 or 2016?
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 11% (2 standard deviations below the mean)	The risk was comparable but did not materialize.	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 exposure 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
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 would 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.	No impact	No

Report of the Fund Manager

General principles of remuneration policy

Theta Fund Management 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.

The remuneration policy consists of a fixed and variable component that is at the discretion of management. The aggregate personnel costs for employees totalled EUR 313,472 for all employees. The variable component of the personnel costs amounted to EUR 33,268.

Control Statement

We declare as the Manager of the 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 2015 we assessed the various aspects of the 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 121 of the Bgfo and as such we declare that the operations in the year 2015 functioned effectively as described.

We expect no significant changes to this document for the year 2016.

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 around 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 USD 1 to 20 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 participations in between 5 and 15 hedge funds with 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;
- Macro strategy; and
- Relative Value 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

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.

The Fund Manager has an arrangement in place with Banque Privée Edmond de Rothschild ("BPER") through which the Fund Manager has access to the range of funds approved by BPER as well as the due diligence documentation and research of BPER that relates to these funds and the hedge fund universe in general. With BPER being one of the world's largest and longest established hedge fund investors, this adds a significant layer of skills, diligence, hedge fund relationships and implementation options to the Fund Manager.

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 in a particular Class. 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.

Financial statements

BALANCE SHEET

(As at 31 December)

	<i>Note</i>	2015 EUR	2014 EUR
Assets			
Investments			
Investment in investment funds		26,129,452	27,048,198
Derivative financial assets		151,831	-
	3	<u>26,281,283</u>	<u>27,048,198</u>
Current assets			
Cash and cash equivalents	4	110,808	1,132,051
Prepaid investments	5	460,575	-
Other receivables	6	-	10,159
		<u>571,383</u>	<u>1,142,210</u>
Total assets		<u>26,852,666</u>	<u>28,190,408</u>
Investment liabilities			
Derivative financial liabilities		(56,936)	(455,918)
	3	<u>(56,936)</u>	<u>(455,918)</u>
Current liabilities			
Due to broker	4	(1,250,684)	(3,580,038)
Accrued expenses and other payables	7	(99,637)	(175,470)
		<u>(1,350,321)</u>	<u>(3,755,508)</u>
Total liabilities		<u>(1,407,257)</u>	<u>(4,211,426)</u>
Total assets minus total liabilities		<u>25,445,409</u>	<u>23,978,982</u>
Shareholders' equity			
Contribution of participants		24,018,067	22,276,689
Unappropriated profit		1,427,342	1,702,293
Total shareholders' equity	8	<u>25,445,409</u>	<u>23,978,982</u>

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

Financial statements

INCOME STATEMENT (For the year ended 31 December)

	<i>Note</i>	2015 EUR	2014 EUR
Investment result			
<i>Direct investment result</i>			
Interest income	9	9,007	5
		9,007	5
<i>Indirect investment result</i>			
Realised gains on investment in investment funds	3, 11	802,881	443,148
Realised losses on derivative financial instruments	3, 11	(1,924,776)	(992,615)
Unrealised gains on investment in investment funds	3, 11	817,341	2,151,166
Unrealised gains/(losses) on derivative financial instruments	3, 11	550,813	(503,715)
Redemption fees	8	-	61,221
Foreign currency translation	10	(134,732)	268,016
		111,527	1,427,221
Total investment income		120,534	1,427,226
Expenses			
Management fee		(162,664)	(241,700)
Other operational costs		(92,288)	(109,044)
Administration fee		(45,025)	(44,998)
Depositary fees		(23,233)	(12,969)
Custody fee		(20,663)	(22,035)
Legal fee		(17,979)	(32,199)
Audit fee		(16,940)	(15,488)
Interest expense		(15,627)	(25,204)
Incentive fee		(562)	(29,211)
Bank charges		(504)	(6)
Total expenses	12	(395,485)	(532,854)
Net (loss)/profit		(274,951)	894,372

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

Financial statements

STATEMENT OF CASH FLOWS

(For the year ended 31 December)

	<i>Note</i>	2015	2014
		EUR	EUR
Cash flows from operating activities			
Net receipts from non-derivative financial assets at fair value through profit or loss		2,078,392	(2,990,931)
Net receipts from derivative financial assets and liabilities		(1,924,776)	(992,615)
Interest received		9,007	5
Interest paid		(20,204)	(20,627)
Management fee paid		(187,448)	(319,341)
Incentive fee paid		(29,211)	(114,782)
Administration fee paid		(45,025)	(45,080)
Audit fee paid		(15,730)	(15,125)
Custody fee paid		(21,434)	(23,535)
Legal fee paid		(25,671)	(24,507)
Redemption fees received		-	61,221
Bank charges paid		(504)	(6)
Other general expenses paid		(115,931)	(91,283)
Net cash flows used in operating activities		(298,535)	(4,576,606)
Cash flows from financing activities			
Proceeds from sales of participations		2,224,015	11,576,068
Payments on redemptions of participations		(482,637)	(8,349,578)
Net cash flows provided by financing activities		1,741,378	3,226,490
Net increase/(decrease) in cash and cash equivalents		1,442,843	(1,350,116)
Cash and cash equivalents at the beginning of the year		(2,447,987)	(1,365,887)
Foreign currency translation of cash positions		(134,732)	268,016
Cash and cash equivalents at the end of the year	<i>4</i>	(1,139,876)	(2,447,987)
Total of cash and cash equivalents		(1,139,876)	(2,447,987)
Analysis of cash and cash equivalents			
Cash at bank		110,808	1,132,051
Due to broker		(1,250,684)	(3,580,038)
Total cash and cash equivalents		(1,139,876)	(2,447,987)

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 21 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 2015, class A and class B participations have been issued by the Fund. As at 31 December 2014, only the class A participations were in issue. The class A and class B participations are denominated in Euro (“EUR”).

The class A participations are listed on Euronext Amsterdam, the regulated market of Euronext Amsterdam N.V.

The class B participations were created to facilitate “Pensioen Belegge”.

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 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 Netherlands 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 Custom House Fund Services (Netherlands) B.V. (the “Administrator”).

The Fund had no employees during the years ended 31 December 2015 and 31 December 2014.

The financial statements have been authorised for issue by the Fund Manager 29 April 2016.

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”) 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”), which came into force on 1 January 2007.

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.

Functional currency

The financial statements are presented in 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.

Notes to the financial statements

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

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/(losses) on investment in investment funds and derivative financial instruments' or 'unrealised gains/(losses) on investment in investment funds and 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 2015, 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.

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 2015 and 31 December 2014 there were differences between the estimated and final valuations of certain underlying investment funds held by the Fund. The differences resulted in a valuation adjustment in these financial statements. Please refer to note 17 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.

Receivables and prepayments

The value of accounts receivable and prepaid expenses 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 and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Notes to the financial statements

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES (CONTINUED)

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.

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 Dutch tax authorities have granted a ruling confirming that the Fund is tax transparent. 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 FOR INDIVIDUAL BALANCE SHEET ITEMS

3. Investments

Movement in schedule of investments

(All amounts in EUR)

	2015	2014
Investment in investment funds		
As at 1 January	27,048,198	20,203,861
Purchases	1,861,985	17,904,950
Sales	(4,400,953)	(13,654,927)
Realised	802,881	443,148
Unrealised	817,341	2,151,166
As at 31 December	26,129,452	27,048,198
Derivative financial instruments		
As at 1 January	(455,918)	47,797
Purchases	1,924,776	992,615
Realised	(1,924,776)	(992,615)
Unrealised	550,813	(503,715)
As at 31 December	94,895	(455,918)
Total investments		
As at 1 January	26,592,280	20,251,658
Purchases	3,786,761	18,897,565
Sales	(4,400,953)	(13,654,927)
Realised	(1,121,895)	(549,467)
Unrealised	1,368,154	1,647,451
As at 31 December	26,224,347	26,592,280

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

3. Investments (continued)

The table below provides an analysis of the forward currency contracts at 31 December 2015:

(All amounts in EUR)

Expiration date	Contract currency	Bought	Contract currency	Sold	Contract rate*	Current rate*	Unrealised EUR
29/01/2016	EUR	2,325,676	USD	2,561,500	1.10140	1.08625	(32,441)
29/02/2016	EUR	6,355,669	USD	6,744,000	1.06110	1.08707	151,831
31/03/2016	EUR	3,953,871	USD	4,328,500	1.09475	1.08801	(24,495)
Total unrealised gain on open forward currency contracts							94,895

* Showing the equivalent of 1 Euro.

The table below provides an analysis of the forward currency contracts at 31 December 2014:

(All amounts in EUR)

Expiration date	Contract currency	Bought	Contract currency	Sold	Contract rate*	Current rate*	Unrealised EUR
07/01/2015	EUR	3,843,393	USD	4,871,500	1.26750	1.20983	(183,210)
30/01/2015	EUR	3,520,890	USD	4,445,300	1.26255	1.21013	(152,508)
27/02/2015	EUR	4,201,518	USD	5,231,100	1.24505	1.21042	(120,200)
Total unrealised loss on open forward currency contracts							(455,918)

* Showing the equivalent of 1 Euro.

4. Cash and cash equivalents

As at 31 December 2015, cash and cash equivalents comprise of balances held with ABN AMRO Clearing Bank N.V. of EUR 110,808 (2014: EUR 1,132,051). As at 31 December 2015 and 31 December 2014, no restrictions in the use of these balances exist.

ABN AMRO Clearing Bank N.V. has made available a credit facility for a total maximum amount of EUR 6 million. The total credit facility drawdown may at no time exceed 20% 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. As at 31 December 2015, the Fund had drawn down an amount of EUR 1,250,684 (2014: EUR 3,580,038).

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.

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

5. Prepaid investments

During 2015, the Fund subscribed for shares of investment funds which were to be settled on the first business day after the reporting date. Subscribers in investment funds are required to pay in advance prior to settlement. The prepaid investments represent the amounts paid in advance to the funds. All prepaid investments have been converted into the following investments subsequent to the reporting date.

<i>(All amounts in EUR)</i>	2015
VR Global Offshore Fund Ltd.	<u>460,575</u>
Total prepaid investments	<u>460,575</u>

As at 31 December 2014, prepaid investments amount to EUR Nil.

6. Other receivables

As at 31 December, other receivables consist of the following:

<i>(All amounts in EUR)</i>	2015	2014
Amounts receivable from management company	<u>-</u>	<u>10,159</u>
Total other receivables	<u>-</u>	<u>10,159</u>

7. Accrued expenses and other payables

At 31 December 2015 and 31 December 2014, accrued expenses and other payables consist of the following:

<i>(All amounts in EUR)</i>	2015	2014
Management fee payable	(40,280)	(75,223)
Regulator fees payable	(23,113)	(11,498)
Audit fee payable	(16,335)	(15,125)
Administration fee payable	(13,500)	(13,500)
Other payables	(3,024)	(3,606)
Commitment fee	(1,500)	(3,000)
Custody fee payable	(1,323)	(2,094)
Incentive fee payable	(562)	(29,211)
Depository fees payable	-	(9,944)
Legal fees payable	-	(7,692)
Interest payable	-	(4,577)
Total accrued expenses and other payables	<u>(99,637)</u>	<u>(175,470)</u>

8. Share capital

Structure of the Fund's capital

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 2015, class A and class B participations have been issued by the Fund. As at 31 December 2014, only the class A participations were in issue. The class A and class B participations are denominated in EUR.

The class A participations are listed on Euronext Amsterdam, the regulated market of Euronext Amsterdam N.V.

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

8. Share capital (continued)

Structure of the Fund's capital (continued)

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

<i>(All amounts in EUR)</i>	2015	2014
<i>Contributions of participants</i>		
Balance at the beginning of the year	22,276,689	19,050,199
Issue of participations	2,224,015	11,576,068
Redemption of participations	(482,637)	(8,349,578)
Total contributions at the end of the year	<u>24,018,067</u>	<u>22,276,689</u>
<i>Unappropriated gain</i>		
Balance at the beginning of the year	1,702,293	807,921
Net (loss)/gain	(274,951)	894,372
Total undistributed gain at the end of the year	<u>1,427,342</u>	<u>1,702,293</u>
Equity at the end of the year	<u>25,445,409</u>	<u>23,978,982</u>

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 will be informed about the actual subscription charge on the website of the Fund Manager (<http://www.legendfund.nl>).

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

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.

Unless otherwise determined by the Fund 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).

For the convenience of investors, to create a market with orderly trading and to promote liquidity of the participations, the Fund has designated SNS Securities N.V. as liquidity providers. The Fund has agreed, subject to certain limitations, to accept redemption of participations by the liquidity providers on each business day at the NAV for that business day.

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

8. Share capital (continued)

Subscriptions and redemptions (continued)

The movement of the participations during the year ended 31 December 2015 is as follows:

	Participations at the beginning of the year	Participations issued	Participations redeemed	Participations at the end of the year
Class A	230,990	20,425	(4,539)	246,876
Class B	-	174	-	174
Total	230,990	20,599	(4,539)	247,050

The movement of the participations during the year ended 31 December 2014 is as follows:

	Participations at the beginning of the year	Participations issued	Participations redeemed	Participations at the end of the year
Class A	200,505	114,585	(84,100)	230,990
Total	200,505	114,585	(84,100)	230,990

Rights and obligations

Each participation of a certain class is entitled to one vote in the meeting of participants of that class. Each participation denominated in EUR gives 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.

Capital management

The Fund's objectives when managing capital are 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 capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, it is not expected that the Fund will declare any dividends. All earnings will normally be retained for investments. However, the Fund reserves the right to declare dividends or make distributions if the Fund Manager so decides.

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS

9. Interest income

Interest income relates to the interest on bank deposits.

10. Foreign currency 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 2015, this amounted to losses of EUR 134,732 (2014: gains of EUR 268,016). The following average and closing rates have been applied in the preparation of these financial statements (the equivalent of one euro is shown):

	2015		2014	
	Average	Closing	Average	Closing
(Showing the equivalent of 1 euro)				
United States Dollar	1.1102	1.0856	1.3219	1.2098

Notes to the financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

11. Investment return

<i>(All amounts in EUR)</i>	Profit	2015 Loss	Balance	2014 Balance
Investment funds				
Realised result	951,298	(148,417)	802,881	443,148
Unrealised result	2,355,929	(1,538,588)	817,341	2,151,166
	<u>3,307,227</u>	<u>(1,687,005)</u>	<u>1,620,222</u>	<u>2,594,314</u>
Derivative financial instruments				
Realised result	-	(1,924,776)	(1,924,776)	(992,615)
Unrealised result	550,813	-	550,813	(503,715)
	<u>550,813</u>	<u>(1,924,776)</u>	<u>(1,373,963)</u>	<u>(1,496,330)</u>
Total result	<u>3,858,040</u>	<u>(3,611,781)</u>	<u>246,259</u>	<u>(1,097,984)</u>

12. Costs

The Fund makes use of various parties for management, administration and custody services. The table below provides a breakdown of expenses.

<i>(All amounts in EUR)</i>	2015	2014
Expenses accruing to Fund Manager		
Management fee	(162,664)	(241,700)
Incentive fee	(562)	(29,211)
Other expenses		
Other operational costs*	(92,288)	(109,044)
Administration fee	(45,025)	(44,998)
Depositary fees	(23,233)	(12,969)
Custody fee	(20,663)	(22,035)
Legal fee	(17,979)	(32,199)
Audit fee	(16,940)	(15,488)
Interest expense	(15,627)	(25,204)
Bank charges	(504)	(6)
Total	<u>(395,485)</u>	<u>(532,854)</u>

* Other operational costs include liquidity provider fees of EUR 25,030 (2014: EUR 25,000), professional fees of EUR 22,905 (2014: EUR 12,100), regulator fees of EUR 10,850 (2014: EUR 15,498), listing fees of EUR 9,198 (2014: EUR 8,930), compliance fees of EUR 7,260 (2014: EUR Nil), commitment fees of EUR 6,000 (2014: EUR 5,750), transfer agency fees of EUR 5,800 (2014: EUR 6,600), Euronext fees of EUR 2,800 (2014: EUR 2,800), trustee fees of EUR 2,445 (2014: EUR 15,207), fund services fees of EUR Nil (2014: EUR 17,118) and other operating expenses of EUR Nil (2014: EUR 40).

The basis on which various costs are charged to the Fund are disclosed in detail in the Prospectus. It is a Dutch regulatory requirement to disclose any differences between actual costs and the costs disclosed in the Prospectus. During the financial year ended 31 December 2015 and 31 December 2014, all costs actually charged to the Fund were in accordance with the costs disclosed in the Prospectus. During the year, the Fund also incurred costs such as custody fees of EUR 20,663 (2014: EUR 22,035), legal fees of EUR 17,979 (2014: EUR 32,199), depositary fees of EUR 23,233 (2014: EUR 12,969), bank charges of EUR 504 (2014: EUR 6) and other general expenses of EUR 6,000 (2014: EUR 22,868) which are not detailed in the Prospectus.

Notes to the financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

12. Costs (continued)

Ongoing charges ratio

The ongoing charges ratio is the ratio of the total costs 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 2015, the ongoing charges ratio for the Fund is as follows:

	2015
Ongoing charges ratio including incentive fees	1.54%
Ongoing charges ratio excluding incentive fees	1.54%
Ongoing charges ratio including expenses of underlying funds	3.89%
Ongoing charges ratio excluding incentive fees of the Fund and of the underlying funds	2.73%

For the year ended 31 December 2014, the ongoing charges ratio for the Fund is as follows:

	2014
Ongoing charges ratio including incentive fees	2.63%
Ongoing charges ratio excluding incentive fees	2.48%
Ongoing charges ratio including expenses of underlying funds	5.63%
Ongoing charges ratio excluding incentive fees of the Fund and of the underlying funds	3.89%

Turnover factor

For the year ended 31 December 2015, the turnover factor for the Fund is 13.92% (2014: 60.27%). 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.

13. RELEVANT CONTRACTS

Fund Manager

Management agreement

Theta Fund Management B.V. acts as the Fund Manager to 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 paid quarterly in arrears on the last business day of March, June, September and December. Details of management fees 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").

HWM means the highest NAV that the Fund has reached at the end of any previous financial year.

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

13. RELEVANT CONTRACTS (CONTINUED)

Administrator

The Fund has entered into an administration agreement with Custom House Fund Services (Netherlands) B.V. 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 current annual fee charged by ABN AMRO Clearing Bank N.V. equals 0.04% per annum. 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 16,940 (2014: EUR 15,488) 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.

Depository

The Fund has entered into a depository agreement with Darwin Depository Services B.V. The Depository charges an annual fee of EUR 16,500 (excluding VAT), payable quarterly in advance, for depository services provided to the Fund. A once-off fee of EUR 2,500 for the on-boarding process was paid by the Fund on signing the depository agreement. Details of depository fees charged for the year are disclosed in the income statement.

14. 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 year.

2015 transactions and balances as at 31 December 2015

	Paid EUR	Balance EUR
Management fee	187,448	40,280
Incentive fee	29,211	562

2014 transactions and balances as at 31 December 2014

	Paid EUR	Balance EUR
Management fee	319,341	75,223
Incentive fee	114,782	29,211

As per 31 December 2015, one of the Directors of the Fund Manager holds 2,950 (2014: 2,950) shares in the Fund and another Director holds 10,690 (2014: 11,406) shares in the Fund.

Notes to the financial statements

15. 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 investment in investment funds. The Fund's market risk is managed through diversification of the investment in investment funds. For further explanation of the investment objectives, policies and processes, refer to pages 5 and 6 of this annual report.

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 2015, 52.2% of the investment in investment funds are denominated in EUR (2014: 49.3%) and 47.8% are denominated in USD (2014: 50.7%).

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 12.7 million (2014: EUR 11.6 million) and a credit risk exposure towards the counterparty at 31 December 2015 of EUR 151,831 (2014: EUR Nil).

The currency exposure of the Fund at 31 December 2015 and 31 December 2014 is as follows:

	2015			2014		
	Net position EUR	Notional amount forwards EUR	Total currency exposure EUR	Net position EUR	Notional amount forwards EUR	Total currency exposure EUR
Currency						
United States Dollar	12,481,309	(12,635,216)	(153,907)	11,995,778	(11,565,801)	429,977

All forward contracts will mature within 3 (2014: 2) months. The notional amounts represent the undiscounted cash flow at the maturity date.

Notes to the financial statements

15. 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 cash equivalents 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 723,214 (2014: EUR 1,142,210).

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 2015, the credit rating of ABN AMRO Clearing Bank N.V. is 'A' (2014: '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.

The Fund's other liabilities are short-term in nature.

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

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

Specific instruments (*continued*)

Derivative financial instruments (continued)

As at 31 December 2015 and 31 December 2014, 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 losses to the Fund. Forward contracts are subject to liquidity risk.

16. 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 2015 and 31 December 2014.

Notes to the financial statements

17. SHAREHOLDERS' EQUITY AS ISSUED

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

The Prospectus states that incorporation costs should be amortised over 5 years. Dutch GAAP states that incorporation costs should be expensed immediately.

The reconciliation also includes a valuation adjustment of EUR 7,588 (2014: EUR 7,006) relating to differences 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 2015 and 31 December 2014 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.

	2015 EUR	2014 EUR
Shareholders' equity attributable to holders of participations in accordance with the Prospectus	25,442,716	24,006,622
Adjustments		
Unamortised incorporation costs	(4,895)	(34,646)
Valuation adjustment	7,588	7,006
Adjusted shareholders' equity attributable to holders of participations in accordance with Dutch GAAP	25,445,409	23,978,982
Number of participations		
Class A	246,876	230,990
Class B	174	-
Shareholders' equity per participation as reported to the shareholders of the Fund		
Class A	102.98	103.92
Class B	102.98	-

18. SCHEDULE OF INVESTMENTS BY INVESTMENT STRATEGY

	2015 EUR	% of shareholders' equity	2014 EUR	% of shareholders' equity
Strategy				
Equity Hedge: Fundamental Value	8,610,075	33.8	7,458,895	31.1
Global Macro: Discretionary Thematic	5,463,089	21.5	5,797,251	24.2
Event Driven: Special Situation	4,012,569	15.8	4,574,318	19.1
Relative Value: Fixed Income Corporate	2,822,520	11.1	3,641,723	15.2
Relative Value: Multi-Strategy	3,227,006	12.7	3,514,891	14.6
Global Macro: Systematic Diversified	1,994,193	7.8	2,061,120	8.6
	26,129,452	102.7	27,048,198	112.8

Notes to the financial statements

19. PROVISION OF INFORMATION

This annual report and the Prospectus of the Fund are available free of charge from the Fund Manager or available for download free of charge from the Fund Manager's website: <http://www.legendfund.nl>.

20. DATE OF AUTHORISATION

The financial statements have been authorised for issue by the Fund Manager in Amsterdam on 29 April 2016.

Investment portfolio as at 31 December 2015

Assets	Currency	Fair value EUR	% of shareholders' equity
Investment funds			
BH Macro Ltd	USD	501,271	2.0
Brevan Howard Fund Ltd.	EUR	2,298,322	9.0
Egerton Long Short Fund	EUR	3,045,419	12.0
Glenview Capital Partners Ltd.	USD	1,962,523	7.7
King Street Capital Ltd.	USD	2,822,520	11.1
Lansdowne Developed Markets Fund Ltd.	EUR	3,144,881	12.4
Millennium International Ltd.	USD	3,227,006	12.7
Moore Global Investments Ltd.	EUR	3,164,767	12.4
Paulson Enhanced Ltd.	USD	2,050,047	8.1
Pershing Square Holdings Ltd.	USD	1,918,504	7.5
Transtrend Fund Alliance - Omnitrend Plus	EUR	1,994,192	7.8
		26,129,452	102.7

Investment portfolio as at 31 December 2014

Assets	Currency	Fair value EUR	% of shareholders' equity
Investment funds			
Brevan Howard Fund Ltd.	EUR	2,740,943	11.4
Egerton Long Short Fund	EUR	2,773,071	11.6
Glenview Capital Partners Ltd.	USD	2,577,671	10.7
King Street Capital Ltd.	USD	3,074,672	12.8
Lansdowne Developed Markets Fund Ltd.	EUR	2,702,024	11.3
Millennium International Ltd.	USD	3,514,891	14.7
Moore Global Investments Ltd.	EUR	3,056,308	12.7
Paulson Credit Opportunities Fund	USD	567,052	2.4
Paulson Enhanced Ltd.	USD	1,996,647	8.3
Pershing Square Holdings Ltd.	USD	1,983,799	8.3
Transtrend Fund Alliance - Omnitrend Plus	EUR	2,061,120	8.6
		27,048,198	112.8

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 2015, one of the Directors of the Fund Manager holds 2,950 (2014: 2,950) shares in the Fund and another Director holds 10,690 (2014: 11,406) shares in the Fund.

Events after the balance sheet date

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

General principles of remuneration policy

Theta Capital Management 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 Capital Management. The remuneration policy consists of a fixed and variable component that is at the discretion of management.

Other information

Independent auditor's report

To: the Investment Manager – Theta Fund Management B.V.

Report on the financial statements

We have audited the financial statements 2015 of Legends Fund, Amsterdam, which comprise the balance sheet as at 31 December 2015, the income statement and the statement of cash flows for the year then ended and the notes, comprising a summary of the significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code and with the Dutch Act on Financial Supervision, and for the preparation of the sections letter from the supervisory board, letter from the managing board and governance and ownership in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Legends Fund as at 31 December 2015, its result and its cash flows for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code and with the Dutch Act on Financial Supervision.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the sections letter from the supervisory board, letter from the managing board and governance and ownership, to the extent we can assess, have been prepared in accordance with Part 9 of Book 2 of this code, and whether the information as required under section 2:392 sub 1 at b-h has been annexed. Further we report that the sections letter from the supervisory board, letter from the managing board and governance and ownership, to the extent we can assess, are consistent with the financial statements as required by section 2:391 sub 4 of the Dutch Civil Code.

The Hague, 29 April 2016

Ernst & Young Accountants LLP

signed by R. Bleijjs