

# Legends Fund

The Netherlands

ANNUAL REPORT

**for the year ended 31 December 2017**

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## General information

|                       |  |
|-----------------------|--|
| Fund Manager          | Theta Fund Management B.V.<br>Concertgebouwplein 19<br>1071 LM Amsterdam<br>The Netherlands  |
| Administrator         | Custom House Global Fund Services Limited<br>Westblaak 89<br>P.O. Box 25121<br>3001 HC Rotterdam<br>The Netherlands                      |
| Legal Owner           | Stichting Bewaarbedrijf Legends XL Fund<br>Concertgebouwplein 19<br>1071 LM Amsterdam<br>The Netherlands                                 |
| Independent Auditor   | Ernst & Young Accountants LLP<br>Boompjes 258<br>3011 XZ Rotterdam<br>The Netherlands  |
| Legal and Tax Counsel | Greenberg Traurig, LLP<br>Hirsch Building, Leidseplein 29<br>1017 PS Amsterdam<br>P.O. Box 75306<br>1070 AH Amsterdam<br>The Netherlands |
| Custody Bank          | ABN AMRO Clearing Bank N.V.<br>Gustav Mahlerlaan 10<br>1082 PP Amsterdam<br>The Netherlands  |
| Listing Agent         | NIBC Bank N.V.<br>Carnegieplein 4<br>2517 KJ The Hague<br>The Netherlands  |
| Depository            | Darwin Depository Services B.V.<br>101 Barbara Strozziilaan<br>1083 HN Amsterdam<br>The Netherlands                                      |

## General information *(continued)*

Liquidity Provider

NIBC Bank N.V.  
Carnegieplein 4  
2517 KJ The Hague  
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

|  | 2017                  | 2016<br><i>(Restated)<sup>1</sup></i> | 2015                    | 2014                  | 2013                    |
|--|-----------------------|---------------------------------------|-------------------------|-----------------------|-------------------------|
| <i>(All amounts in EUR)</i>                        |                       |                                       |                         |                       |                         |
| Equity   | 36,042,621            | 30,870,303                            | 25,445,409              | 23,978,982            | 19,858,120              |
| Number of participations                           |                       |                                       |                         |                       |                         |
| Class A  | 367,488               | 320,867                               | 246,876                 | 230,990               | 200,505                 |
| Class B  | 174                   | 174                                   | 174                     | -                     | -                       |
| Equity per participation                           |                       |                                       |                         |                       |                         |
| Class A  | 98.03                 | 96.15                                 | 102.98                  | 103.92                | 98.91                   |
| Class B  | 98.03                 | 96.15                                 | 102.98                  | -                     | -                       |
| Ongoing charges ratio<br>(including incentive fee) | 1.44%                 | 1.61%                                 | 1.54%                   | 2.76%                 | 2.52%                   |
| Ongoing charges ratio<br>(excluding incentive fee) | 1.44%                 | 1.61%                                 | 1.54%                   | 2.48%                 | 2.38%                   |
| Turnover ratio                                     | 31.97%                | 24.18%                                | 13.92%                  | 60.27%                | 22.11%                  |
| Performance of the Fund                            | 1.96%                 | (6.63%)                               | (0.91%)                 | 5.07%                 | 11.72%                  |
| Weighted average number of<br>participations       | 340,106               | 274,703                               | 243,220                 | 189,827               | 271,483                 |
| <b>Net profit/(loss)</b>                           |                       |                                       |                         |                       |                         |
| Investment income                                  | 1,668                 | 385                                   | 9,007                   | 5                     | 192                     |
| Indirect investment result                         | 1,082,477             | (1,137,117)                           | 111,527                 | 1,427,221             | 3,229,118               |
| Expenses   | <u>(471,496)</u>      | <u>(439,115)</u>                      | <u>(395,485)</u>        | <u>(532,854)</u>      | <u>(660,267)</u>        |
| <b>Net profit/(loss)</b>                           | <b><u>612,649</u></b> | <b><u>(1,575,847)</u></b>             | <b><u>(274,951)</u></b> | <b><u>894,372</u></b> | <b><u>2,569,043</u></b> |
| <b>Net profit/(loss) per<br/>participation</b>     |                       |                                       |                         |                       |                         |
| Investment income                                  | 0.00                  | 0.00                                  | 0.04                    | 0.00                  | 0.00                    |
| Indirect investment result                         | 3.19                  | (4.14)                                | 0.46                    | 7.52                  | 11.89                   |
| Expenses   | <u>(1.39)</u>         | <u>(1.60)</u>                         | <u>(1.63)</u>           | <u>(2.81)</u>         | <u>(2.43)</u>           |
| <b>Net profit/(loss) per<br/>participation</b>     | <b><u>1.80</u></b>    | <b><u>(5.74)</u></b>                  | <b><u>(1.13)</u></b>    | <b><u>4.71</u></b>    | <b><u>9.46</u></b>      |

<sup>1</sup> See note 16 "Prior Year Adjustment" for further details.

## Fund Manager Report

In 2017 Legends Fund returned 1.96%. The year marked a turning point in both the investment environment for hedge funds as well as the portfolio composition for Legends Fund. Both are interrelated. As we have seen opportunities improve for long-short managers to produce differentiated returns, we have been adjusting the strict investment guidelines for Legends Fund to maximally capitalize on this. As of October 2017, we have therefore removed the restriction of equally weighted strategy buckets as well as the requirement for a minimum length of track record of 10 years. This provides us with increased freedom to allocate to those areas and with those managers where we see the best potential for strong risk-adjusted returns. The economic cycle is maturing and the era of infinite monetary stimulus is ending. Interest rates are slowly increasing and this will expose vulnerabilities that as of yet have been covered up by abundant liquidity. We expect to see fundamentals taking over as the driving force behind valuations and markets will have a long way to go to catch up with this new reality. In particular, we do see great investment opportunities on the short side, an area that has been unprofitable for even the best amongst our stock pickers over the last few years.

From a business perspective we were happy to see decent asset growth in 2017. We aim to be transparent to our investors about what is driving performance and the value embedded in the portfolio and we are happy to see this also resonate in a period of disappointing performance. We are entering 2018 with a very high quality roster of funds, most of which are closed to new investors.

We look forward to delivering strong performance in 2018.

### Risk management and willingness to take risks

In the table below/overleaf 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 2018 NAV if risk materializes  | Impact on 2017 NAV   | Adjustments to risk management in 2017 or 2018? |
|----------------|-------------|---|---|--|---|
| 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 and the ultimate year result as well as the monthly results remained well within the expected range. | No  |

## Fund Manager Report (*continued*)

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

|                              |     |  |   |            |    |
|------------------------------|-----|--|---|------------|----|
| <b>Interest rate risk</b>    | No  | <b>The fund has no interest bearing financial instruments except for cash at bank which is limited to a couple of percent max. Therefore, the Fund is not exposed to significant interest rate risk.</b>                           | None  | None       | No |
| <b>Foreign Exchange Risk</b> | Yes | 3 month forwards   | Negligible  | Negligible | No |
| <b>Liquidity Risk</b>        | 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 |
| <b>Credit Risk</b>           | 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. |            |    |

## Fund Manager Report *(continued)*

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

| Sorts of risks     | Risk hedged | Measures applied and expected effectiveness  | Expected impact on 2018 NAV if risk materializes  | Impact on 2017 NAV | Adjustments to risk management in 2017 or 2018? |
|--------------------|-------------|--|---|--------------------|---|
| <b>Credit Risk</b> | 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. |                    |   |

### 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 cost for employees totalled EU 370.885. The variable component of the personnel costs amounted to EUR 46.455.

### Control Statement

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

During 2017 we assessed the various aspects of Legends Fund’s operations as outlined in this AO/IB. We have not identified any internal control measures that do not meet the requirements of article 121 of the Bgfo and as such we declare that the operations in the year 2017 functioned effectively as described.

We expect no significant changes to this document for the year 2018.



## Investment objective, policy and processes

### INVESTMENT OBJECTIVE

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

### INVESTMENT POLICY

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

The Fund aims to achieve consistent high absolute returns on investment, irrespective of the direction of comparable publicly traded securities, i.e. to have limited correlation to general market risks. The Fund’s portfolio will contain 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’s assets. Diversification is sought through the underlying market, securities, investment strategies, trading styles and regions, rather than the number of hedge funds.

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

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

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

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

### INVESTMENT PROCESS AND RISK MANAGEMENT PROCESS

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

## Investment objective, policy and processes (*continued*)

### INVESTMENT PROCESS AND RISK MANAGEMENT PROCESS (*CONTINUED*)

#### Manager Selection and Due Diligence

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

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

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

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

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

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

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

#### Portfolio construction and risk management

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

#### Hedging Strategies

The Fund will make use of hedging strategies to hedge the currency risk 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)

(After profit appropriation)

|   | Note | 31 December<br>2017<br>EUR | 31 December<br>2016<br>EUR<br>(Restated) |
|---|------|----------------------------|--|
| <b>Assets</b>                               |      |                            |  |
| <b>Investments</b>                          |      |                            |  |
| Investment in investment funds              |      | 35,906,263                 | 33,868,749                               |
| Derivative financial assets                 |      | 278,686                    | -  |
|   | 3    | <u>36,184,949</u>          | <u>33,868,749</u>                        |
| <b>Current assets</b>                       |      |                            |  |
| Due from broker                             | 4    | 1,211,464                  | 950,570                                  |
| Cash  | 4    | -                          | 3,390                                    |
|   |      | <u>1,211,464</u>           | <u>953,960</u>                           |
| <b>Total assets</b>                         |      | <u>37,396,413</u>          | <u>34,822,709</u>                        |
| <b>Liabilities</b>                          |      |                            |  |
| <b>Investment liabilities</b>               |      |                            |  |
| Derivative financial liabilities            |      | -                          | (318,913)                                |
|   | 3    | <u>-</u>                   | <u>(318,913)</u>                         |
| <b>Current liabilities</b>                  |      |                            |  |
| Due to broker                               | 4    | (1,096,699)                | (3,507,234)                              |
| Accrued expenses and other payables         | 5    | (130,023)                  | (126,259)                                |
| Cash  | 4    | (127,070)                  | -  |
|   |      | <u>(1,353,792)</u>         | <u>(3,633,493)</u>                       |
| <b>Total liabilities</b>                    |      | <u>(1,353,792)</u>         | <u>(3,952,406)</u>                       |
| <b>Total assets minus total liabilities</b> |      | <u>36,042,621</u>          | <u>30,870,303</u>                        |
| <b>Equity</b>                               |      |                            |  |
| Participants equity                         |      | 35,578,477                 | 31,018,808                               |
| Unappropriated profit/(loss)                |      | 464,144                    | (148,505)                                |
| <b>Total equity</b>                         | 6    | <u>36,042,621</u>          | <u>30,870,303</u>                        |

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

## Financial statements

### INCOME STATEMENT

(For the years ended 31 December)

|   | <i>Note(s)</i> | <b>2017</b><br><b>EUR</b> | <b>2016</b><br><b>EUR</b><br><i>(Restated -<br/>see note 16)</i> |
|---|----------------|---------------------------|--|
| <b>Investment result</b>                                      |                |                           |  |
| <i>Direct investment result</i>                               |                |                           |  |
| Interest income   | 7              | 1,668                     | 385  |
|   |                | <b>1,668</b>              | <b>385</b>   |
| <i>Indirect investment result</i>                             |                |                           |  |
| Realised gains on investment in investment funds              | 3, 9           | 1,035,847                 | 405,493  |
| Realised gains/(losses) on derivative financial instruments   | 3, 9           | 1,392,093                 | (475,526)  |
| Unrealised losses on investment in investment funds           | 3, 9           | (1,984,175)               | (733,575)  |
| Unrealised gains/(losses) on derivative financial instruments | 3, 9           | 597,599                   | (413,808)  |
| Foreign currency gains on translation                         | 8              | 41,113                    | 80,299   |
|   |                | <b>1,082,477</b>          | <b>(1,137,117)</b>   |
| <b>Total investment income/(loss)</b>                         |                | <b>1,084,145</b>          | <b>(1,136,732)</b>   |
| <b>Expenses</b>   |                |                           |  |
|   | <i>10</i>      |                           |  |
| Management fee  | 10, 11         | (205,441)                 | (171,101)  |
| Other operational costs                                       |                | (96,255)                  | (106,316)  |
| Administration fee  | 10, 11         | (47,945)                  | (45,475)   |
| Interest expense  |                | (32,821)                  | (15,429)   |
| Custody fee   | 10, 11         | (27,406)                  | (33,629)   |
| Depositary fees   | 10, 11         | (27,225)                  | (27,754)   |
| Audit fee   | 10, 11         | (18,755)                  | (16,335)   |
| Legal fee   |                | (8,697)                   | (18,157)   |
| Bank charges  |                | (6,951)                   | (4,919)  |
| <b>Total expenses</b>   |                | <b>(471,496)</b>          | <b>(439,115)</b>   |
| <b>Net profit/(loss)</b>                                      |                | <b>612,649</b>            | <b>(1,575,847)</b>   |

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

## Financial statements

### STATEMENT OF CASH FLOWS (For the years ended 31 December)

|  | <i>Note</i> | <b>2017</b><br><b>EUR</b> | <b>2016</b><br><b>EUR</b> |
|--|-------------|---------------------------|---------------------------|
| <b>Cash flows from operating activities</b>  |             |                           |                           |
| Net receipts from non-derivative financial assets at fair value through profit or loss |             | (2,985,842)               | (7,606,804)               |
| Net payments/(receipts) from derivative financial assets and liabilities               |             | 1,392,093                 | (475,526)                 |
| Interest received  |             | 1,668                     | 385                       |
| Interest paid  |             | (27,734)                  | (12,916)                  |
| Management fee paid  |             | (199,809)                 | (163,437)                 |
| Incentive fee paid   |             | -                         | (562)                     |
| Administration fee paid  |             | (48,113)                  | (44,862)                  |
| Audit fee paid   |             | (17,545)                  | (16,335)                  |
| Custody fee paid   |             | (21,668)                  | (33,577)                  |
| Legal fee paid   |             | (6,697)                   | (18,157)                  |
| Bank charges paid  |             | (6,951)                   | (4,919)                   |
| Other general expenses paid  |             | (139,215)                 | (117,728)                 |
| <b>Net cash flows used in operating activities</b>                                     |             | <b>(2,059,813)</b>        | <b>(8,494,438)</b>        |
| <b>Cash flows from financing activities</b>  |             |                           |                           |
| Proceeds from sales of participations – Class A  |             | 8,659,119                 | 7,532,037                 |
| Payments on redemptions of participations – Class A                                    |             | (4,099,450)               | (531,296)                 |
| <b>Net cash flows provided by financing activities</b>                                 |             | <b>4,559,669</b>          | <b>7,000,741</b>          |
| <b>Net increase/(decrease) in cash</b>   |             | <b>2,499,856</b>          | <b>(1,493,697)</b>        |
| Cash at the beginning of the year  |             | (2,553,274)               | (1,139,876)               |
| Foreign currency translation of cash positions   |             | 41,113                    | 80,299                    |
| <b>Cash at the end of the year</b>   | <i>4</i>    | <b>(12,305)</b>           | <b>(2,553,274)</b>        |
| <b>Total cash</b>  |             | <b>(12,305)</b>           | <b>(2,553,274)</b>        |
| <b>Analysis of cash</b>  |             |                           |                           |
| Cash at bank   |             | -                         | 3,390                     |
| Due from broker  |             | 1,211,464                 | 950,570                   |
| Cash due to bank   |             | (127,070)                 | -                         |
| Due to broker  |             | (1,096,699)               | (3,507,234)               |
| <b>Total cash</b>  | <i>4</i>    | <b>(12,305)</b>           | <b>(2,553,274)</b>        |

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

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## Notes to the financial statements

### 1. GENERAL INFORMATION

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

The Fund may issue participations in various Classes, each denominated in different currencies and listed on different exchanges. All Classes are subject to the same investment objectives and strategies but will have a different hedge strategy linked to the currency of the Class. As at 31 December 2017 and 2016, Class A and Class B participations have been issued by the Fund. The Class A and Class B participations are denominated in Euro (“EUR”). The Fund is registered at the commercial register of the Chamber of Commerce of the Netherlands under number 27198870.

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 Beleggen”.

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

The Fund and the Fund Manager are subject to the supervision of the 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 Global Fund Services Limited (the “Administrator”).

The Fund had no employees during the years ended 31 December 2017 and 2016.

The financial statements have been authorised for issue by the Fund Manager 26 April 2018.

### 2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

#### Basis of preparation

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

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## 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 2017, 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 2017 and 2016, there were differences between the estimated and final valuations of certain underlying investment funds held by the Fund. The differences resulted in insignificant valuation differences as at 31 December 2017 and 2016 of EUR 18,104 and EUR 32,114 respectively in these financial statements. These immaterial valuation differences were not adjusted in these financial statements. The 31 December 2017 and 2016 figures are reported under the accounting treatment as per the prospectus and reflect the net asset value reported to shareholders at 31 December 2017 and 2016.

#### *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**

Cash comprises cash on hand and demand deposits. Cash also includes 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*)

#### **Statement of cash flows**

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

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

#### **Principles for determining the result**

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

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

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 to the financial statements

### NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

#### 3. Investments

##### *Movement in schedule of investments*

| <i>(All amounts in EUR)</i>             | <b>31 December<br/>2017</b> | <b>31 December<br/>2016</b><br><i>(Restated—see<br/>note 16)</i> |
|---|-----------------------------|--|
| <b>Investment in investment funds</b>   |                             |  |
| As at 1 January                         | 33,868,749                  | 26,129,452   |
| Purchases                               | 28,572,096                  | 21,503,544   |
| Sales                                   | (25,586,254)                | (13,436,165)   |
| Realised                                | 1,035,847                   | 405,493  |
| Unrealised                              | (1,984,175)                 | (733,575)  |
| <b>As at 31 December</b>                | <b><u>35,906,263</u></b>    | <b><u>33,868,749</u></b>   |
| <b>Derivative financial instruments</b> |                             |  |
| As at 1 January                         | (318,913)                   | 94,895   |
| Purchases                               | -                           | 475,526  |
| Sales                                   | (1,392,093)                 | -  |
| Realised                                | 1,392,093                   | (475,526)  |
| Unrealised                              | 597,599                     | (413,808)  |
| <b>As at 31 December</b>                | <b><u>278,686</u></b>       | <b><u>(318,913)</u></b>  |
| <b>Total investments</b>                |                             |  |
| As at 1 January                         | 33,549,836                  | 26,224,347   |
| Purchases                               | 28,572,096                  | 21,979,070   |
| Sales                                   | (26,978,347)                | (13,436,165)   |
| Realised                                | 2,427,940                   | (70,033)   |
| Unrealised                              | (1,386,576)                 | (1,147,383)  |
| <b>As at 31 December</b>                | <b><u>36,184,949</u></b>    | <b><u>33,549,836</u></b>   |

The table below provides an analysis of the forward currency contracts at 31 December 2017:

*(All amounts in EUR)*

| <b>Expiration date</b>  | <b>Contract currency</b> | <b>Bought</b> | <b>Contract currency</b> | <b>Sold</b> | <b>Contract rate*</b> | <b>Current rate*</b> | <b>Unrealised EUR</b> |
|---|--------------------------|---------------|--------------------------|-------------|-----------------------|----------------------|-----------------------|
| 31/01/2018  | EUR                      | 5,172,620     | USD                      | 6,053,000   | 1.17020               | 1.20241              | 138,555               |
| 28/02/2018  | EUR                      | 10,356,604    | USD                      | 12,312,500  | 1.18886               | 1.20437              | 133,374               |
| 29/03/2018  | EUR                      | 8,137,265     | USD                      | 9,811,100   | 1.20570               | 1.20670              | 6,757                 |
| <b>Total unrealised gain on open forward currency contracts</b> |                          |               |                          |             |                       |                      | <b><u>278,686</u></b> |

\* Showing the equivalent of 1 Euro.

The table below provides an analysis of the forward currency contracts at 31 December 2016:

*(All amounts in EUR)*

| <b>Expiration date</b>  | <b>Contract currency</b> | <b>Bought</b> | <b>Contract currency</b> | <b>Sold</b> | <b>Contract rate*</b> | <b>Current rate*</b> | <b>Unrealised EUR</b>   |
|---|--------------------------|---------------|--------------------------|-------------|-----------------------|----------------------|-------------------------|
| 31/01/2017  | EUR                      | 3,856,683     | USD                      | 4,242,000   | 1.09991               | 1.05366              | (169,288)               |
| 28/02/2017  | EUR                      | 7,630,747     | USD                      | 8,162,000   | 1.06962               | 1.05500              | (105,746)               |
| 31/03/2017  | EUR                      | 5,798,939     | USD                      | 6,175,000   | 1.06485               | 1.05685              | (43,879)                |
| <b>Total unrealised loss on open forward currency contracts</b> |                          |               |                          |             |                       |                      | <b><u>(318,913)</u></b> |

\* Showing the equivalent of 1 Euro.

## Notes to the financial statements

### NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

#### 3. Investments (continued)

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

| <b>31 December 2017</b>                              | <b>Total<br/>EUR</b> | <b>Quoted prices<br/>(unadjusted) in<br/>active markets<br/>EUR</b> | <b>Derived from<br/>Administrator<br/>statements<br/>EUR</b> |
|--|----------------------|---|--|
| Investment in investment funds                       | 35,906,263           | 3,223,108   | 32,683,155   |
| Derivative financial liabilities                     | 278,686              | 278,686   | -  |
| <b>Total</b>   | <b>36,184,949</b>    | <b>3,501,794</b>  | <b>32,683,155</b>  |
| <br>   |                      |   |  |
| <b>31 December 2016<br/>(Restated – see note 16)</b> | <b>Total<br/>EUR</b> | <b>Quoted prices<br/>(unadjusted) in<br/>active markets<br/>EUR</b> | <b>Derived from<br/>Administrator<br/>statements<br/>EUR</b> |
| Investment in investment funds                       | 33,868,749           | 3,444,830   | 30,423,919   |
| Derivative financial liabilities                     | (318,913)            | (318,913)   | -  |
| <b>Total</b>   | <b>33,549,836</b>    | <b>3,125,917</b>  | <b>30,423,919</b>  |

#### 4. Cash and due from/to broker

As at 31 December 2017, cash comprise of balances owed to ABN AMRO Clearing Bank N.V. of EUR (127,070) (2016: balances held with ABN AMRO Clearing Bank N.V. of EUR 3,390). As at 31 December 2017 and 2016, no restrictions in the use of these balances exist.

Amounts due from the broker ABN AMRO Clearing Bank N.V. of EUR 1,211,464 (2016: EUR 950,570) which represents unsettled trades.

Amounts due to the broker ABN AMRO Clearing Bank N.V. of EUR 1,096,699 (2016: EUR 3,507,234). These amounts include short-term debt balances that may be collateralised by certain of the Fund's securities held with the broker.

ABN AMRO Clearing Bank N.V. has made available a credit facility for a total maximum net amount of EUR 4.5 million as of March 2017 (previously it was EUR 6.0 million until March 2017). 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.

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. Accrued expenses and other payables

At 31 December 2017 and 2016, accrued expenses and other payables consist of the following:

| <i>(All amounts in EUR)</i>                      | <b>31 December<br/>2017</b> | <b>31 December<br/>2016</b> |
|--|-----------------------------|-----------------------------|
| Management fee payable                           | (53,576)                    | (47,944)                    |
| Other payables                                   | (20,166)                    | (11,378)                    |
| Audit fee payable                                | (17,545)                    | (16,335)                    |
| Administration fee payable                       | (13,945)                    | (14,113)                    |
| Interest payable                                 | (7,600)                     | (2,513)                     |
| Custody fee payable                              | (7,113)                     | (1,375)                     |
| Regulator fees payable                           | (6,953)                     | (26,101)                    |
| Legal fee payable                                | (2,000)                     | -                           |
| Commitment fee                                   | (1,125)                     | (6,500)                     |
| <b>Total accrued expenses and other payables</b> | <b><u>(130,023)</u></b>     | <b><u>(126,259)</u></b>     |

#### 6. Participations of the Fund

##### *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 2017 and 2016, Class A and Class B participations have been issued by the Fund. 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. The Class B participations were created to facilitate "Pensioen Beleggen".

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

| <i>(All amounts in EUR)</i>                                   | <b>2017</b>              | <b>2016</b><br><i>(Restated-<br/>see note 16)</i> |
|---|--------------------------|---|
| <i>Contributions of participants</i>                          |                          |   |
| Balance at the beginning of the year                          | 31,018,808               | 24,018,067  |
| Issue of participations – Class A                             | 8,659,119                | 7,532,037   |
| Redemption of participations – Class A                        | <u>(4,099,450)</u>       | <u>(531,296)</u>                                  |
| <b>Total contributions at the end of the year</b>             | <b><u>35,578,477</u></b> | <b><u>31,018,808</u></b>                          |
| <i>Undistributed gain/(loss)</i>                              |                          |   |
| Balance at the beginning of the year                          | (148,505)                | 1,427,342   |
| Net gain/(loss)   | <u>612,649</u>           | <u>(1,575,847)</u>                                |
| <b>Total undistributed gain/(loss) at the end of the year</b> | <b><u>464,144</u></b>    | <b><u>(148,505)</u></b>                           |
| <b>Equity at the end of the year</b>                          | <b><u>36,042,621</u></b> | <b><u>30,870,303</u></b>                          |

## Notes to the financial statements

### NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

#### 6. Participations of the Fund (continued)

##### *Subscriptions and redemptions*

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

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

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

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

Redemptions are subject to a redemption charge with a maximum of 3% of the NAV at the redemption day, which is due and payable to the Fund.

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

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

The movement of the participations during the year ended 31 December 2017 is as follows:

|              | <b>Participations at the beginning of the year</b> | <b>Participations issued</b> | <b>Participations redeemed</b> | <b>Participations at the end of the year</b> |
|--------------|--|------------------------------|--------------------------------|--|
| Class A      | 320,867  | 88,734                       | (42,113)                       | 367,488                                      |
| Class B      | 174  | -                            | -                              | 174  |
| <b>Total</b> | <b>321,041</b>                                     | <b>88,734</b>                | <b>(42,113)</b>                | <b>367,662</b>                               |

The movement of the participations during the year ended 31 December 2016 is as follows:

|              | <b>Participations at the beginning of the year</b> | <b>Participations issued</b> | <b>Participations redeemed</b> | <b>Participations at the end of the year</b> |
|--------------|--|------------------------------|--------------------------------|--|
| Class A      | 246,876  | 79,485                       | (5,494)                        | 320,867                                      |
| Class B      | 174  | -                            | -                              | 174  |
| <b>Total</b> | <b>247,050</b>                                     | <b>79,485</b>                | <b>(5,494)</b>                 | <b>321,041</b>                               |

##### *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.

## Notes to the financial statements

### NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (CONTINUED)

#### 6. Participations of the Fund (continued)

##### 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

#### 7. Interest income

Interest income relates to the interest on bank deposits.

#### 8. Foreign currency gains on translation

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

For the year ended 31 December 2017, this amounted to gains of EUR 41,113 (2016: gains of EUR 80,299). The following average and closing rates have been applied in the preparation of these financial statements (the equivalent of one euro is shown):

|   | 2017    |         | 2016    |         |
|---|---------|---------|---------|---------|
|   | Average | Closing | Average | Closing |
| <i>(Showing the equivalent of 1 euro)</i> |         |         |         |         |
| United States Dollar                      | 1.1297  | 1.2005  | 1.1069  | 1.0520  |

#### 9. Investment return

| <i>(All amounts in EUR)</i>             | 2017             |                    | 2016             |   |
|---|------------------|--------------------|------------------|---|
|   | Profit           | Loss               | Balance          | Balance<br><i>(Restated-<br/>see note 16)</i> |
| <b>Investment funds</b>                 |                  |                    |                  |   |
| Realised result                         | 1,660,958        | (625,111)          | 1,035,847        | 405,493                                       |
| Unrealised result                       | 2,560,431        | (4,544,606)        | (1,984,175)      | (733,575)                                     |
|   | <b>4,221,389</b> | <b>(5,169,717)</b> | <b>(948,328)</b> | <b>(328,082)</b>                              |
| <b>Derivative financial instruments</b> |                  |                    |                  |   |
| Realised result                         | 1,392,093        | -                  | 1,392,093        | (475,526)                                     |
| Unrealised result                       | 597,599          | -                  | 597,599          | (413,808)                                     |
|   | <b>1,989,692</b> | <b>-</b>           | <b>1,989,692</b> | <b>(889,334)</b>                              |
| <b>Total result</b>                     | <b>6,211,081</b> | <b>(5,169,717)</b> | <b>1,041,364</b> | <b>(1,217,416)</b>                            |

## Notes to the financial statements

### NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

#### 10. Costs

The Fund makes use of various parties for management, administration and custody services. The table below provides a breakdown of expenses for the years ended 31 December 2017 and 2016.

| <i>(All amounts in EUR)</i>              | <b>2017</b>             | <b>2016</b>             |
|--|-------------------------|-------------------------|
| <b>Expenses accruing to Fund Manager</b> |                         |                         |
| Management fee                           | (205,441)               | (171,101)               |
| <b>Other expenses</b>                    |                         |                         |
| Other operational costs*                 | (96,255)                | (106,316)               |
| Administration fee                       | (47,945)                | (45,475)                |
| Interest expense                         | (32,821)                | (15,429)                |
| Custody fee                              | (27,406)                | (33,629)                |
| Depositary fees                          | (27,225)                | (27,754)                |
| Audit fee                                | (18,755)                | (16,335)                |
| Legal fee                                | (8,697)                 | (18,157)                |
| Bank charges                             | (6,951)                 | (4,919)                 |
| <b>Total</b>                             | <b><u>(471,496)</u></b> | <b><u>(439,115)</u></b> |

\* Other operational costs include regulator fees of EUR 15,713 (2016: EUR 32,941), liquidity provider fees of EUR 25,000 (2016: EUR 25,000), professional fees of EUR 13,750 (2016: EUR 19,997), listing fees of EUR 9,851 (2016: EUR 9,474), compliance fees of EUR 17,546 (2016: EUR 6,504), commitment fees of EUR 2,395 (2016: EUR 6,000), transfer agency fees of EUR 9,200 (2016: EUR 3,600) and Euronext fees of EUR 2,800 (2016: EUR 2,800).

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 2017 and 2016, all costs actually charged to the Fund were in accordance with the costs disclosed in the Prospectus.

During the year, the Fund also incurred the following costs which are not detailed in the Prospectus such as custody fees of EUR 27,406 (2016: EUR 33,629), legal fees of EUR 8,697 (2016: EUR 18,157), depositary fees of EUR 27,225 (2016: EUR 27,754), bank charges of EUR 6,951 (2016: EUR 4,919) and other general expenses of EUR 6,000 (2016: EUR 6,000).

## Notes to the financial statements

### NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (CONTINUED)

#### 10. 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 2017, the ongoing charges ratio for the Fund is as follows:

|  | <b>2017</b> |
|--|-------------|
| Ongoing charges ratio including incentive fees   | 1.44%       |
| Ongoing charges ratio excluding incentive fees   | 1.44%       |
| Ongoing charges ratio including expenses of underlying funds                           | 3.97%       |
| Ongoing charges ratio excluding incentive fees of the Fund and of the underlying funds | 2.84%       |

For the year ended 31 December 2016, the ongoing charges ratio for the Fund is as follows:

|  | <b>2016</b><br><i>(Restated)</i> |
|--|----------------------------------|
| Ongoing charges ratio including incentive fees   | 1.61%                            |
| Ongoing charges ratio excluding incentive fees   | 1.61%                            |
| Ongoing charges ratio including expenses of underlying funds                           | 4.20%                            |
| Ongoing charges ratio excluding incentive fees of the Fund and of the underlying funds | 3.59%                            |

##### Turnover factor

For the year ended 31 December 2017, the turnover factor for the Fund is 31.97% (2016: 24.18%). 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.

### 11. 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

### 11. RELEVANT CONTRACTS (CONTINUED)

#### Administrator

The Fund has entered into an administration agreement with Custom House Global Fund Services Limited. 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 18,755 (2016: EUR 16,335) 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 22,500 (excluding VAT), payable quarterly in advance, for depository services provided to the Fund. Details of depository fees charged for the year are disclosed in the income statement.

### 12. RELATED PARTY TRANSACTIONS

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

#### Fund Manager

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

*Transactions from 1 January 2017 to 31 December 2017 and balances as at 31 December 2017*

|                | <b>Paid</b><br><b>EUR</b> | <b>Balance</b><br><b>EUR</b> |
|----------------|---------------------------|------------------------------|
| Management fee | 199,809                   | 53,576                       |

*Transactions from 1 January 2016 to 31 December 2016 and balances as at 31 December 2016*

|                | <b>Paid</b><br><b>EUR</b> | <b>Balance</b><br><b>EUR</b> |
|----------------|---------------------------|------------------------------|
| Management fee | 163,437                   | 47,944                       |
| Incentive fee  | 562                       | -                            |

As per 31 December 2017, one of the Directors of the Fund Manager holds 10,690 (2016: 10,690) shares in the Fund.



## Notes to the financial statements

### 13. 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 8 and 9 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 2017, 34.1% of the investment in investment funds are denominated in EUR (2016: 49.3%) and 65.8% are denominated in USD (2016: 55.0%).

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

The Fund uses forward currency contracts in order to manage the currency risk exposure of foreign currency positions. The forward currency contracts are settled on a gross basis and as such the Fund has a settlement risk of EUR 23.7 million (2016: EUR 17.3 million).

The currency exposure of the Fund at 31 December 2017 and 2016 is as follows:

|                      |                     | 2017                               |                                |                     | 2016                               |                                |
|----------------------|---------------------|------------------------------------|--------------------------------|---------------------|------------------------------------|--------------------------------|
|                      | Net position<br>EUR | Notional amount<br>forwards<br>EUR | Total currency exposure<br>EUR | Net position<br>EUR | Notional amount<br>forwards<br>EUR | Total currency exposure<br>EUR |
| <b>Currency</b>      |                     |                                    |                                |                     |                                    |                                |
| United States Dollar | 24,218,727          | (23,666,489)                       | 552,238                        | 17,309,672          | (17,286,369)                       | 23,303                         |

All forward contracts will mature within 3 (2016: 3) months. The notional amounts represent the undiscounted cash flow at the maturity date.

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## Notes to the financial statements

### 13. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS (*CONTINUED*)

#### **Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. It arises from derivative financial assets, cash and other receivables. The carrying values of financial assets (excluding any investments in investment funds) best represent the maximum credit risk exposure at the reporting date and amount to EUR 8,965,373 (2016: EUR 953,960).

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 2017, the credit rating of ABN AMRO Clearing Bank N.V. is 'A' (2016: '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

### 13. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS (CONTINUED)

#### Specific instruments (continued)

##### Derivative financial instruments (continued)

As at 31 December 2017 and 2016, 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. See note 3 for an analysis of the forward currency contracts at 31 December 2017 and 2016.

### 14. 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 2017 and 2016.

### 15. SCHEDULE OF INVESTMENTS BY INVESTMENT STRATEGY

|                         | 2017<br>EUR              | % of<br>equity     | 2016<br>EUR<br><i>(restated-see<br/>note 16)</i> | % of<br>equity      |
|-------------------------|--------------------------|--------------------|--|---------------------|
| <b>Strategy</b>         |                          |                    |  |                     |
| Global Macro            | 13,367,192               | 37.1               | 10,905,903                                       | 35.3                |
| Relative Value & Credit | 9,966,385                | 27.7               | 8,654,067  | 28.0                |
| Event Driven            | 6,767,072                | 18.8               | 7,543,659  | 24.5                |
| Long/Short Equity       | 5,805,614                | 16.0               | 6,765,120  | 21.9                |
|                         | <b><u>35,906,263</u></b> | <b><u>99.6</u></b> | <b><u>33,868,749</u></b>                         | <b><u>109.7</u></b> |

## Notes to the financial statements

### 16. PRIOR YEAR ADJUSTMENT

An incorrect valuation adjustment was included in the 2016 annual report which decreased the NAV by EUR 818,199. The valuation adjustment of EUR 818,199 was made up of the following two amounts:

1. EUR 786,085 related to differences between the reporting of the Administrator of the Fund and the brokers of the Fund due to transfers in-kind of certain positions. This amount was included in the daily NAV calculation which was sent to the shareholders and is included in the NAV per share reflected in the audited financial statements but this amount should not have been deducted from the “Investment in investment funds” against the unrealised losses on investment in investment funds in the audited financial statements.
2. EUR 32,114 related to differences between the estimated and final valuations of certain underlying investments held by the Fund as at 31 December 2016.

In line with Dutch GAAP requirements, the comparative figures for the year ended 31 December 2016 have been restated as follows to correct the above:

#### A) Balance Sheet

|                                | <b>Restated</b> | <b>As per 31 December 2016<br/>audited financial statements</b> |
|--------------------------------|-----------------|---|
| <i>Investments</i>             | <b>EUR</b>      | <b>EUR</b>  |
| Investment in investment funds | 33,868,749      | 33,050,550  |

This restatement also impacts the figures in notes: 3 “investments”, 15 “schedule of investments by investment strategy” and the Investment Portfolio.

#### B) Income Statement

|   | <b>Restated</b> | <b>As per 31 December 2016<br/>audited financial statements</b> |
|---|-----------------|---|
| <i>Indirect investment result</i>                   | <b>EUR</b>      | <b>EUR</b>  |
| Unrealised losses on investment in investment funds | (733,575)       | (1,551,774)   |

This restatement also impacts the figures in notes: 3 “Investments”, 6 “participations of the Fund” and 9 “investment return”. As a result of the above the equity figure as at 31 December 2016 was restated from EUR 30,052,104 to EUR 30,870,303 in these financial statements and the net profit/(loss) figure for the year ended 31 December 2016, was restated from EUR 2,394,046 to EUR 1,575,847 in these financial statements.

### 17. 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’s website: <http://www.legendfund.nl>.

### 18. DATE OF AUTHORISATION

The financial statements have been authorised for issue by the Fund Manager in Amsterdam on 26 April 2018.

### 19. EVENTS AFTER THE BALANCE SHEET DATE

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

## Investment portfolio as at 31 December 2017

| Assets                                    | Currency | Fair value<br>EUR | % of<br>equity |
|---|----------|-------------------|----------------|
| <b>Investment funds</b>                   |          |                   |                |
| Andurand Comm Class A                     | USD      | 1,790,068         | 5.0            |
| Autonomy Global                           | USD      | 2,957,960         | 8.2            |
| Brevan Howard Fund Ltd.                   | EUR      | 1,791,384         | 5.0            |
| Discovery Global Opportunity Fund         | USD      | 2,143,363         | 5.9            |
| Egerton Long Short Fund                   | EUR      | 2,754,062         | 7.6            |
| Glenview Capital Partners Ltd.            | USD      | 2,599,474         | 7.2            |
| King Street Capital Ltd.                  | USD      | 75,102            | 0.2            |
| Lansdowne Developed Markets Fund Ltd.     | EUR      | 3,051,551         | 8.5            |
| Millennium International Ltd.             | USD      | 3,707,359         | 10.3           |
| Moore Global Investments Ltd.             | EUR      | 3,348,022         | 9.3            |
| Paulson Enhanced Ltd.                     | USD      | 504,702           | 1.4            |
| Pershing Square Holdings Ltd.             | USD      | 1,365,053         | 3.8            |
| Renaissance Global LP CI S USD Temp       | USD      | 3,790,259         | 10.5           |
| Transtrend Fund Alliance - Omnitrend Plus | EUR      | 1,336,395         | 3.7            |
| Third Point Offshore Investment           | USD      | 1,858,055         | 5.2            |
| Third Point Ultra Class D                 | USD      | 439,789           | 1.2            |
| VR Global Offshore Fund                   | USD      | 2,393,665         | 6.6            |
|   |          | <b>35,906,263</b> | <b>99.6</b>    |

## Investment portfolio as at 31 December 2016

| Assets                                    | Currency | Fair value<br>EUR<br>(restated-<br>see note 16) | % of<br>equity |
|---|----------|---|----------------|
| <b>Investment funds</b>                   |          |   |                |
| BH Macro Ltd                              | USD      | 544,030   | 1.8            |
| Brevan Howard Fund Ltd.                   | USD      | 131,645   | 0.4            |
| Brevan Howard Fund Ltd.                   | EUR      | 2,861,638                                       | 9.3            |
| Discovery Global Opportunity Fund         | USD      | 1,755,210                                       | 5.7            |
| Egerton Long Short Fund                   | EUR      | 3,531,644                                       | 11.4           |
| Glenview Capital Partners Ltd.            | USD      | 2,861,635                                       | 9.3            |
| King Street Capital Ltd.                  | USD      | 3,019,138                                       | 9.8            |
| Lansdowne Developed Markets Fund Ltd.     | EUR      | 3,233,476                                       | 10.5           |
| Millennium International Ltd.             | USD      | 3,952,472                                       | 12.8           |
| Moore Global Investments Ltd.             | EUR      | 3,749,089                                       | 12.1           |
| Paulson Enhanced Ltd.                     | USD      | 1,781,225                                       | 5.8            |
| Pershing Square Holdings Ltd.             | USD      | 2,900,799                                       | 9.4            |
| Transtrend Fund Alliance - Omnitrend Plus | EUR      | 1,864,291                                       | 6.0            |
| VR Global Offshore Fund                   | USD      | 1,682,457                                       | 5.5            |
|   |          | <b>33,868,749</b>                               | <b>109.8</b>   |

## 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 2017, one of the Directors of the Fund Manager holds 10,690 (2016: 10,690) shares in the Fund. The Directors also hold shares in the following underlying investment funds:

| Asset Name   | 31 December 2017   | 31 December 2016  |
|--|--------------------|-------------------|
| ▪ Andurand Commodities Fund Class A April 13 Series                          | 153.2050 shares    | -                 |
| ▪ Autonomy Global Macro Fund Limited General Series Shares                   | 1,916.0236 shares  | -                 |
| ▪ Discovery Global Focus Fund Ltd. Class A 01 2017 T                         | 2,557.2047 shares  | -                 |
| ▪ Discovery Global Focus Fund Ltd. Class A 02 2017 T                         | 41.7306 shares     | -                 |
| ▪ Discovery Global Focus Fund Ltd. Class A 04 2017 T                         | 136.7861 shares    | -                 |
| ▪ Glenview Capital Partners Class H/73                                       | 188.3763 shares    | -                 |
| ▪ Lansdowne Developed Markets (EUR) Fund Limited                             | 9.4878 shares      | -                 |
| ▪ Lansdowne Developed Markets (USD) Fund Limited Class R (Restricted)        | 398.8259 shares    | 398.8259 shares   |
| ▪ Lansdowne Developed Markets Strategic (EUR) Fund Limited Class R Series 10 | 1,652.6044 shares  | -                 |
| ▪ Millenium International Fund Class FF Sub-Class 3 Series 01A               | 84.8727 shares     | 84.8727 shares    |
| ▪ Moore Global Investments Ltd Class G (USD)                                 | 44.6923 shares     | -                 |
| ▪ Moore Global Investments Ltd. Class H (EUR)                                | 203.4385 shares    | 125.1527 shares   |
| ▪ Pershing Square Holdings Ltd.  | 19,317.0000 shares | 9,817.0000 shares |
| ▪ Renaissance Institutional Diversified Alpha Fund                           | 355.5722 shares    | -                 |
| ▪ Third Point Ultra Class D Series 14  | 190.0000 shares    | -                 |
| ▪ Third Point Ultra Class D Series 33  | 110.0000 shares    | -                 |
| ▪ VR Global Offshore Fund Class A 0599                                       | 13.5259 shares     | -                 |

### 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 participants and Investment Manager of Legends Fund

### Report on the audit of the financial statements 2017 included in the annual report

#### Our opinion

We have audited the financial statements 2017 of Legends Fund, based in Amsterdam, the Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Legends Fund as at 31 December 2017, and of its result for 2017 in accordance with Part 9 of Book 2 of the Dutch Civil Code..

The financial statements comprise:

- The Balance sheet as at 31 December 2017
- The income statement
- The statement of cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information.

#### Basis for our opinion

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

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

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

### Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

General Information

Historical multi-year overview

Fund managers report (the management board's report)

Investment objective, policy and processes

Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code

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

Is consistent with the financial statements and does not contain material misstatements

Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

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

## Other information

### Independent auditor's report

The manager of the investment entity is responsible for the preparation of the other information, including the managing board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

### Description of responsibilities for the financial statements

Responsibilities of the manager 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 and the requirements set with regard to the financial statements by or pursuant to the Dutch Financial Supervision Act. Furthermore, the manager is responsible for such internal control as the manager determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion. We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with the Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the investment entity's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the manager
- Concluding on the appropriateness of the board of director'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 investment entity'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
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation



## Other information

### Independent auditor's report

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

The Hague, 26 April 2018

Ernst & Young Accountants LLP

w.g. M.J. Knijnenburg