

THETA LEGENDS XL FUND

June 26, 2012

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SUMMARY

THIS SUMMARY MUST BE READ AS AN INTRODUCTION TO THIS PROSPECTUS. ANY DECISION TO INVEST IN THE PARTICIPATIONS SHOULD BE BASED ONLY ON CONSIDERATION OF THIS PROSPECTUS AS A WHOLE, INCLUDING THE RISK FACTORS AND THE FINANCIAL INFORMATION. YOU SHOULD READ THIS ENTIRE PROSPECTUS CAREFULLY. THIS SUMMARY ONLY HIGHLIGHTS THE MORE DETAILED INFORMATION APPEARING ELSEWHERE IN THIS PROSPECTUS. AS THIS IS A SUMMARY, IT DOES NOT CONTAIN ALL OF THE INFORMATION THAT YOU SHOULD CONSIDER IN MAKING AN INVESTMENT DECISION.

No civil liability will attach to Theta Legends XL Fund or its investment manager solely on the basis of this summary, including any translations of this summary, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this prospectus. Where a claim relating to the information contained in this prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of such Member State, be required to bear the costs of translating this prospectus before legal proceedings are initiated.

This section constitutes the summary of the prospectus pursuant to article 5:14 of the Netherlands Financial Supervision Act (Wet op het financieel toezicht) (“Wft”). This summary consists of an overview of the offering, a summary of the offering, a summary of the financial data and a summary of the risk factors.

Introduction

This prospectus (“**Prospectus**”) provides detailed information about Theta Legends XL Fund (the “**Fund**”).

The Fund is structured as a common contractual fund (*beleggingsfonds voor gemene rekening*) and is established under Dutch law by notarial deed (*notariële akte*). The participations (the “**Participations**”) are admitted to listing on NYSE Euronext in Amsterdam (“**Euronext Amsterdam**”), the regulated market of Euronext Amsterdam N.V. The Fund is managed by Theta Fund Management B.V. (the “**Manager**”).

The Manager is regulated by the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) (“**AFM**”) and licensed as a fund manager (*beheerder*). The Manager is a 100% subsidiary of Theta Capital Management B.V. (“**Theta Capital**”). Theta Capital is an independent hedge fund investment specialist based in Amsterdam, The Netherlands. The Manager and Theta Capital jointly have approximately EUR 250 million in assets under management.

The management board of the Manager consists of the following persons:

- Mr. J.T. van Marle; and
- Mr. T.J.J. de Vries.

The custodian of the Fund Estate is TMF Bewaar B.V. (the “**Custodian**”). The management board of the Custodian consists of:

- Ms. M.C. van der Sluijs-Plantz;
- Ms. T.F.C. Wijnen;
- Ms. C. Andriesse;
- J.J. Schellingerhout;
- S.R. Lombert; and
- TMF Management B.V.

The Fund as such is not a legal entity and is not part of a group. The Fund does not have any subsidiaries. The Fund does not employ any employees.

Investment Objective and Investments:

The Fund's investment objective is to generate investment returns around 10% per annum in a one to five year investment horizon, with a modest correlation to equities and bonds. No guarantee is given as to the Fund actually achieving this objective.

Investments will be made in hedge funds (collective investment vehicles) that have an outstanding investment history and have proven adaptiveness to changing market environments through various economic cycles. As such, it is expected that each manager of a fund in which the Fund invests ("**Investee Fund**") will have a track record of at least 10 years. Many Investee Funds are expected to require a minimum investment of at least EUR 10 million and therefore are not easily accessible for private investors. The Fund has a wide investment mandate, enabling the Manager to take advantage of investment opportunities that offer significant potential returns. Therefore, the investments of the Fund are not restricted to hedge funds and may include all other sorts of investments.

Offer of Participations

The Fund offers investors the opportunity to invest in the Fund through the offer of Participations. This Prospectus relates to the offering of 1,000,000 Participations (the "**Offer**"). At June 25, 2012, the Fund had 425,227 Participations outstanding. The Participations are listed on Euronext Amsterdam, the regulated market of Euronext Amsterdam N.V. since March 1, 2011.

The Fund may issue Participations in various classes (each a "**Class**") each denominated in different currencies and with a different listing. Currently, the Fund only offers Class A Participations, which are denominated in Euros. 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. The Conditions attribute the same rights and obligations to the holders of Participations of all Classes, unless explicitly provided otherwise in this Prospectus and/or the Conditions.

The Class A Participations will be issued at the net asset value of such Participations ("**Net Asset Value**"). Subscriptions for Participations should be made through an application form provided on the website of the Manager (www.thetacapital.com) (the "**Website**"), which should be delivered or mailed to TMF Fund Administrators B.V. (the "**Administrator**").

Participations will be held through the book-entry system of Euroclear Nederland (*Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.*) ("**Euroclear Nederland**"). Euroclear Nederland will be the registered holder of all Participations and the exercise of rights of holders of Participations ("**Participants**") will be subject to the rules and procedures issued by or in connection with Euroclear Nederland.

Dutch law is applicable to the Offer.

Valuations:

The Net Asset Value will be calculated in accordance with the terms and conditions of the Fund (the “**Conditions**”) as at the close of each day on which Banks are generally open in Amsterdam (a “**Business Day**”) by the Administrator.

Reporting:

In addition, the Manager will make available:

- monthly reports, detailing *inter alia* the total value of the Fund’s assets and an overview of the composition of the Fund’s assets;
- interim management statements;
- semi-annual unaudited financial statements; and
- audited annual reports.

Annual accounts of the Fund will be prepared as per 31 December of each calendar year and published within 4 months after this date.

Issue, Redemption and trading of Participations:

The Class A Participations have been issued at an initial subscription price of € 100 per Participation and thereafter at the Net Asset Value plus a subscription charge with a maximum of 3%, payable to the Fund and/or the Manager. Prospective Participants will be informed about the actual subscription charge on the Website. Subscriptions for Participations should be made through an application form available on the Website, which should be delivered or mailed to the Administrator.

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

Participations may be redeemed as of the last Business Day of each calendar month (each, a “**Redemption Day**”) pursuant to written notice, which must be received by the Administrator by 18:00 Amsterdam time 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 3.0% of the Net Asset Value at the Redemption Day, which is due and payable to the Fund.

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

For the convenience of investors, to create a market with orderly trading and to promote liquidity of the Participations, the Fund has designated SNS Securities N.V. (“**SNS Securities**”) and IMC Trading B.V. (“**IMC**”) as liquidity provider. The Fund has agreed, subject to certain limitations, to accept redemptions of Participations by the liquidity providers on each Business Day at the Net Asset Value for that Business Day.

The Participations will be listed on Euronext Amsterdam in the K4 trading segment. The K4 segment allows continuous trading enabling the sale and purchase of Participations during trading hours of Euronext Amsterdam being 9:00 am to 5:30 pm each trading day.

Distribution Policy:

All investment gains, paid out dividends or other distributions by funds in which the Fund invests (“**Investee Funds**”) will be reinvested by the Fund. However, in case investment opportunities which meet the requirements of the Fund are limited, the Manager may decide to make distributions to Participants on a pro-rata basis.

Fee Structure:

The management fee payable to the Manager (“**Management Fee**”) will be 1.25% of the Net Asset Value of each Class. The incentive fee for the Manager (the “**Incentive Fee**”) is 5% of the difference between the total return and the benchmark return of each Class.

Debt Financing:

The Manager may borrow for the account, and at the expense, of the Fund to finance the assets of the Fund (“**Fund Assets**”), obligations of the Fund (“**Fund Obligations**”) and other costs. The sum borrowed (excluding the costs in relation to the establishment of the Fund, please see *Establishment Costs*) at any time shall not exceed 30% of the Net Asset Value of a Class. Beyond that, investments of the Fund (“**Fund Investments**”) may not be financed with any funding (including but not limited to debt funding) other than subscription proceeds received by the Administrator.

Risk:

The value of a Participation may fluctuate and investors may receive less than what they have invested.

All hedge fund investments risk the loss of capital. No guarantee or representation is made either that the Fund will achieve its investment objectives or that Participants will not suffer loss. An investment in the Fund is highly speculative and involves certain risks and conflicts of interest, which prospective Participants should consider before subscribing.

Furthermore, certain investments in Investee Funds may be extremely difficult to value and provisional valuations sometimes have to be applied. Therefore, the estimated Net Asset Value does not have to correspond with the actual net asset value. However, the Fund does not make retroactive adjustments in the Net Asset Value previously used for subscriptions and redemptions. Such transactions are final and binding.

Redemption of Participations may under certain circumstances not be possible.

An extensive description of investing in the Fund is provided for under *Risk Factors*.

RISK FACTORS

The value of a Participation may fluctuate and investors may receive less than what they have invested.

All hedge fund investments risk the loss of capital. No guarantee or representation is made either that the Fund will achieve its investment objectives or that Participants will not suffer loss. An investment in the Fund is highly speculative and involves certain risks and conflicts of interest. A prospective Participant should consider carefully the risks described below, together with the other information contained in this prospectus, before making a decision to invest in the Participations. Although it is believed that the risks set forth below are the material risks of the Fund, they are not the only risks the Fund faces. Additional risks not presently known to the Fund or that currently are deemed immaterial may also have an effect on the Fund and the value of its Participations.

Risks

Investments

Investment in the Fund is speculative and entails significant risks. The environment for hedge fund investments is increasingly competitive and an investor should only invest in the Fund if the investor can withstand a total loss of its investment. No guarantee or representation is given that the Fund will achieve its investment objectives.

The Manager asserts that certain investments made by hedge funds may experience financial difficulties, which may never be overcome. Hedge funds may utilize highly speculative investment techniques, including but not limited to leverage and highly concentrated portfolios.

The Fund and its Participants will not have the ability to direct the management of Investee Funds or their underlying portfolio investments. As a result, the returns of the Fund will primarily depend on the performance of independent fund managers and could suffer substantial adverse effects by the unfavourable performance of such fund managers.

There are no assurances that the Fund will be able to invest its capital fully, or that sufficient suitable investment opportunities will be identified. For example as a result of market fluctuations, the Fund may at any time invest a substantial amount in a single Investee Fund so that investment concentration occurs. If the Fund receives distributions in kind from any investment, it may incur additional costs and risks to dispose of such assets.

Volatility

The Fund's investment policy is to operate through Investee Funds whose investment approach may be broadly based, speculative and aggressive. The Fund permits borrowing to increase investment performance, as well as high risk investments (including but not limited to investments in options, other high yield securities, etc.) While this may enhance investment performance, as intended, under unfavorable conditions, they can also increase volatility and the risk of loss under other conditions which can and do occur from time to time. Because of the inherently speculative nature of the Fund's intended investment activities, the results of the Fund may be expected to fluctuate from month to month. Accordingly, Participants should understand that the results of a particular period will not necessarily be indicative of results in future periods.

Illiquidity of Portfolio

The redemption of Participations may be limited to 10% per Class in issue on any Redemption Day and the right to redeem may be suspended in the event of market disruption or a breakdown in the means employed to value the assets of the Fund. The Fund's interests in Investee Funds and the investments made by those funds may in certain circumstances be difficult to realize and may be subject to restrictions on transfer. As some of the Investee Funds may offer only limited redemption opportunities, this may adversely impact the means available to meet the redemption of Participations. A (global) market collapse or financial crises may in particular affect the liquidity of the Fund Investments.

Valuation Risk

To the extent that the investments of Investee Funds may in certain circumstances be difficult to realize and may be subject to restrictions on transfer, the sale of any investments may sometimes be possible only at substantial discounts. Further, such investments may be extremely difficult to value. It should be noted that in preparing the Net Asset Value, and the reports of the Fund, the Manager and the Administrator depend on the Investee Funds and their managers and administrators, both in respect of timing and the contents of the reports. Provisional valuations may sometimes have to be applied. The Investee Funds may engage in privately placed less-liquid investment for which no proper valuation may exist until a transaction is executed.

The Net Asset Valuation calculations done by the Administrator, for the reasons noted above, are estimates according to its best judgment (following the method described under 'Portfolio Valuation/Determination of Results') which may not necessarily correspond with the actual net asset value on the relevant date. However, the Fund does not make retroactive adjustments in the Net Asset Values previously used for subscriptions and redemptions. Therefore, such transactions are final and binding when made notwithstanding any different later determination (See also 'Errors in the calculation of the Net Asset Valuation').

Concentration Risk

The Fund may have significant exposure to a limited number of Investee Funds which, in turn, may have significant exposure to a limited number of positions. As a consequence, the value of the Fund may display a high sensitivity to adverse developments in any particular Investee Fund. A high degree of concentration in a limited number of Investee Funds may also lead to a higher level of volatility.

Limitations to redemption

Redemption of Participations may under certain circumstances not be possible. Investment in the Fund should therefore only be considered by persons financially able to maintain their investment for an extended period of time and who can afford a loss of all or a substantial part of their investment. A Participant generally may redeem Participations on a Redemption Day, upon at least 90 calendar days written notice to the Administrator, subject to the conditions and limitations set forth in this Prospectus.

Limited liquidity of Participations on the secondary market

As more fully set out in 'Transactions through Liquidity Providers' for the convenience of investors, to create a market with orderly trading and to promote liquidity of the Participations, the Fund has designated two liquidity providers as referred to in and subject to the applicable rules of the Euronext Rule Book. The Fund has agreed to accept redemptions from the liquidity providers up to a maximum amount per Business Day, as announced by the Fund from time to time on the Website. Participants should note, however, that

there is no guarantee that they will be able to sell their Participations on a daily basis. Transactions between Participants and the liquidity providers or among themselves are the responsibility of those parties and not of the Fund. In general, Participants may not be able to sell Participations subscribed for but which have not yet been delivered to the Participants. It may take up to 12 Business Days until a deal confirmation has been sent to a subscriber. See paragraph Offer and Subscriptions on page 33.

Effects of substantial redemptions

Substantial redemptions may affect the value of a Participant's investment. Such redemptions may require the Manager to liquidate the Fund Investments rapidly, which may adversely affect the value of both the Participations being redeemed and the remaining Participations. In addition, the Fund Assets may be substantially reduced, which may make it more difficult for the Fund to generate investment profits or recoup losses and may even cause the Fund to liquidate positions prematurely.

Possibility of fraud, misappropriation or other misconduct

Misconduct by the advisors to the Investee Funds, service providers to the Fund or the Investee Funds and/or their respective affiliates could cause significant losses to the Fund. Misconduct may include binding the Investee Fund or the Fund to transactions that exceed authorized limits or present unacceptable risks, unauthorized trading activities, concealing unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses) and fraud. Losses could also result from actions by service providers, including, without limitation, failing to recognize trades and misappropriating assets. In addition, employees of Investee Funds may trade on the basis of material non-public information or otherwise improperly use or disclose confidential information, which could result in litigation or cause financial harm, including limiting the Fund's or an Investee Fund's business prospects or future marketing activities. No assurances can be given that the Manager or the advisors to the Investee Funds, as applicable, will be able to identify or prevent such misconduct.

Custody of an Investee Fund's assets will typically rest with the Investee Fund's broker-dealer or custodian but may also, in some instances, rest with the relevant investor manager of the Investee Fund or its affiliates. Therefore, there is the risk that the party with custody of an Investee Fund's assets could abscond with, or misappropriate, those assets. In addition, information supplied by an Investee Fund's advisor or another party with custody of an Investee Fund's assets may be inaccurate or even fraudulent.

Pursuant to article 6.10 of the Conditions, neither the Manager nor any of its respective directors, employees or affiliates shall be liable towards the Participants for a loss suffered by them as a result of any act or omission of a third party. Moreover, they will not be liable towards the Participants for a loss suffered by them in connection with the performance of its respective duties and responsibilities, unless and to the extent that such loss is directly caused by the gross negligence (*grove schuld*) or willful misconduct (*opzet*) of the Manager.

Various legal forms of hedge funds

The Investee Funds may be organized in various legal forms, including but not limited to, partnerships, corporations and managed accounts. These different legal forms may have different impacts on the liabilities the Fund may incur in relation to investments in these Investee Funds. The Fund may, depending on the legal form of an Investee Fund, be required to pay up additional capital or return profits already distributed to the Fund, thereby negatively influencing the Net Asset Value.

Foreign Exchange Risk

Many of the Investee Funds may be exposed to foreign exchange risk. For Class A Participations, the Fund hedges the currency risk of Fund Assets not denominated in Euro. For all other Classes, the Fund hedges the currency risk of Fund Assets not denominated in the currency of the relevant Class. There can be no assurance that such hedging transactions will be effective.

Debt financing

The Manager may borrow for the account, and at the expense, of the Fund, to finance Fund Assets and Fund Obligations (which include amongst other redemptions). The sum outstanding at any time (excluding the costs in relation to the establishment of the Fund, as mentioned in the section *Establishment Costs*) shall not exceed 30% of the book value of the Fund Assets. The interest rate at which the Fund can borrow affects the operating results of the Fund. Moreover, to the extent that the Fund holds heavily leveraged investments, fluctuations in the market value of those investments may have a disproportionately severe negative impact on the Net Asset Value, as the leverage may cause losses greater than the value of the investments.

International Investments

The Fund anticipates to invest in several Investee Funds which may have different geographical locations and are expected to invest in various geographical locations. As a result, the occurrence of any negative international political, economic or geographical event, such as the unexpected change in a regulatory environment, international tax issues and political and economic instability, may have a negative result on the performance of the Investee Funds and as such influence the Net Asset Value negatively.

Market collapse

Although hedge funds generally aim for a market neutral investment, a global market collapse will affect the Fund. As a result of disrupted market conditions such as rapid and catastrophic price movement in markets in which the Fund or the Investee Funds invest, determination of the Net Asset Value, the possibility to redeem Participations and the liquidity providers facility could be disrupted, resulting in illiquidity of the Participations during such conditions. Furthermore, a market collapse may have a negative impact on the performance of the Investee Funds and the market value of the other investments of the Fund and therefore may negatively influence the Net Asset Value.

Default of counterparty or issuing institution

Part of the general investment risk includes default of the counterparty of the Investee Funds and/or default of the issuer in whose securities the Investee Funds invest. Furthermore, the Fund has a counterparty risk on (custody) banks when securities and / or monies are placed on an (securities) account with such banks.

Counterparty creditworthiness

To the extent that the Fund engages in principal transactions, including, but not limited to, swap transactions, forward foreign currency transactions, transactions in bonds or other fixed income securities and/or to the extent that the Fund makes use of the services of a counterparty for the custody of its assets, the Fund must rely on the creditworthiness of its counterparty. The Fund must also rely on counterparties in connection with settlement and clearing through banking payment systems. Insolvency of, gross negligence, willful misconduct and/or fraud by the counterparty may prevent payment in part or in full or on time, and may cause losses.

Custodial arrangements

The assets of the Fund will be held via one or more custodians who may only be liable toward the Fund in case of culpable non-performance (*verwijtbare niet-nakoming*) or defective performance (*gebrekkige nakoming*) of their obligations. Failure of the custodial arrangements for example via fraud or theft, if not covered by contractual provisions protecting the Fund, may result in a loss to Participants.

No Management Participation by the Participants

Participants will have no right or power to participate in the management or control of the Fund and thus must depend solely on the ability of the Manager with respect to making investments. In addition, Participants will not have an opportunity to evaluate the specific investments made by the Fund or the terms of any investment made by the Fund.

Qualification risk common contractual fund

The Fund is structured as a common contractual fund (*fonds voor gemene rekening*). The Conditions provide that the terms and conditions and the arrangements made in connection thereto do not establish a partnership (*maatschap* or *vennootschap onder firma*) or limited partnership (*commanditaire vennootschap*). Also, a Participant's obligation to pay a consideration for Participations to be issued is a commitment (*verbintenis*) to the Manager and the Depositary only.

In case the Fund is deemed to be a (separate) partnership, it is not certain whether what has been specified under Article 6.4 of the Conditions, which inter alia states that Participants will not be liable to contribute any sum to the Fund Estate beyond the subscription price for the Participations, can be invoked against third parties. In case Article 6.4 of the Conditions cannot be invoked against third parties, Participants may be liable to contribute any sum to the Fund Estate beyond the subscription price for the Participations.

Risk of changes in legislation

Financial and fiscal legislation and regulation are subject to change. Such changes may be unfavorable to the Fund or the Participants and may negatively influence the results of their investment. For example, a higher level of financial regulation, may lead to higher costs born by the Fund, which will have a negative impact on the Net Asset Value.

Conflicts of interest

In the ordinary course of business, the Manager and its affiliates are engaged or may be engaged in the management and the advisory of other funds or portfolios of hedge funds, where their interests or the interests of the clients may conflict with the interests of the Participants. Neither the Manager nor its affiliates are under any obligation to share any investment opportunity, idea, or strategy for the benefit of the Fund, and may compete with the Fund for appropriate investment opportunities. Furthermore, the Manager will be entitled to incentive compensation from the Fund and such compensation arrangement may create an incentive for the Manager to make investments that are riskier or more speculative than would be the case if such arrangement was not in effect. The Fund has no specific arrangements to deal with conflicts of interest.

Manager not full time

The Manager may provide investment management, management or advisory services to other funds or clients. The Manager is not obliged to devote its resources exclusively to the Fund. This might influence the

performance of the Fund negatively compared to the situation where the Manager devotes all its resources to the Fund.

Achievement of returns

The success of the Fund will depend on the ability of the Manager to identify appropriate Investee Funds and on the ability of the managers of those funds to identify, develop and realize profitable investments. There is no guarantee that the Fund's investments will be successful or that the target rates of return will be achieved and investment results may vary substantially over time and from period from period.

Multiple Layers of Expense

The Fund and the Investee Funds each have expenses and management costs that will be borne, directly or indirectly, by the Fund. As a result of this, the fee structure imposed by the Fund is higher than if a Participant directly invested in the Investee Funds.

IMPORTANT INFORMATION

The Manager accepts responsibility for the information contained in this Prospectus. To the best of the Manager's knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information included in this Prospectus reflects the position of the Fund at the date of this Prospectus and under no circumstances should the issue and distribution of this Prospectus after the date of its publication be interpreted as implying that the information included herein will continue to be correct and complete at any later date.

This Prospectus is governed by and construed in accordance with the laws of the Netherlands.

Any representation or information not contained herein must not be relied upon as having been authorized by the Manager since no person has been authorized to make any such representation or to provide any such information.

Prospective Participants should not construe the contents of this Prospectus as investment, legal, tax, accounting or other advice. In making an investment decision, Participants must rely on their own examination of the Fund, including the merits and risks involved, and on their own representatives, including, but not limited to, their own investment adviser, legal counsel, tax counsel and accountants.

This Prospectus does not constitute an offer to sell or solicitation of an offer to buy Participations in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The Manager is licensed and subject to supervision in The Netherlands. The Fund is registered for public distribution in The Netherlands only.

The Fund has not been registered in any other jurisdiction than in The Netherlands. This Prospectus may not be distributed, or Participations otherwise offered, directly or indirectly, in any jurisdiction where such action is unlawful. In general, and without limiting the generality of the foregoing, Participations may not be directly or indirectly offered or sold, or for the benefit of, any US persons (as such terms are defined in the rules and regulations under the U.S. Securities Act of 1933) unless such offer or sale is exempt from the applicable rules or regulations.

INVESTMENT STRATEGY AND POLICY

KEY OBJECTIVES AND INVESTMENT STRATEGY

The Fund aims to provide individual and institutional investors with an investment vehicle which targets average returns of around 10% per annum. The Manager will attempt 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. No guarantee is given as to the Fund actually achieving this objective.

The Fund is suitable for investors who are prepared to accept a higher level of volatility and a longer investment horizon.

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 € 10 million and therefore are not easily accessible for private investors. It is expected that a manager of an Investee 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. There is no restriction as to the type or concentration of investments that the Fund may acquire or retain. The Fund has a wide investment mandate, enabling the Manager to take advantage of investment opportunities that offer significant potential returns. Therefore, the investments of the Fund are not restricted to hedge funds and may include all other sorts of investments. However, the Fund will not invest directly in physical commodities.

The number of hedge funds in which the Fund participates will depend upon the opportunities available and the size of the Fund. Subject to the Fund receiving sufficient subscriptions, the Manager envisages a portfolio of between 5 and 10 hedge funds with no single investment in a fund representing 20% or more of the book value of the Fund Assets. Diversification is sought through the underlying markets, securities, investment strategies, trading styles and regions, rather than the number of hedge funds.

The Manager may borrow for the account, and at the expense, of the Fund to finance Fund Assets, Fund Obligations and other costs. The sum borrowed at any time (not including costs in relation to the establishment of the Fund, please see section *Establishment Costs*) shall not exceed 30% of the Net Asset Value of a Class. Beyond that, Fund Investments may not be financed with any funding (including but not limited to debt funding) other than subscription proceeds received by the Administrator.

If the Fund breaches abovementioned investment restrictions, it will inform the Participants through the Website.

The Fund envisages an equally-weighted portfolio across the hedge fund investment strategies 'Equity Hedge', 'Event-Driven' and 'Macro'. A description of these investment strategies is included in this Prospectus under *Description of basic strategies*. The Fund aims to achieve this objective by means of quarterly rebalancing, which means that each calendar quarter the Manager will review the Fund Investments to assess whether the portfolio is still equally-weighted as mentioned above. If such is not the case, the portfolio will be rebalanced to the extent it is practicable.

The Fund intends to invest primarily in hedge funds based in established on- 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 will, in principle, invest in funds established by hedge fund managers with strong and consistent track records.

The Manager has substantial experience with many hedge funds established by leading fund managers, several of which may be included in the Fund. The Fund will seek access to the most attractive hedge funds, which are often closed for new subscriptions. There can be no guarantee, however, that the Fund will actually have access to a hedge fund in which it may seek to invest.

The overall success of the Fund depends on (i) the ability of the Manager to select and gain access to successful hedge funds and to build a diversified investment portfolio of them, (ii) the selected hedge fund managers' ability to remain successful in their strategies.

DESCRIPTIONS OF BASIC STRATEGIES

Absolute return investing may encompass a wide variety of the investment styles, which hedge fund managers may employ. Furthermore, the hedge fund managers may use a number of basic strategies, with different risk/return characteristics. Please note that there are no scientific or industry-uniform definitions for these strategies. The Fund will invest in Investee Funds of which the basic strategies are summarized below.

Equity Hedge Strategy

Equity hedge strategies maintain positions both long and short primarily in equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios.

Event-Driven Strategy

Hedge funds maintaining positions in equity or debt of companies currently or prospectively involved in corporate transactions or situations of a wide variety, including but not limited to mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. Security types can range from most senior in the capital structure to most junior or subordinated, and frequently involve additional derivative securities. Event driven funds are exposed to a combination of equity markets-, credit markets- and company specific developments. Investments are typically based on the fundamental research of a company and its securities, with the realization of the investment hypothesis dependant on a specific forecasted development.

Macro Strategy

Hedge funds which trade a broad range of strategies in which the investments are aimed at movements in underlying economic variables and the impact these have on equity, fixed income, currency and commodity markets. Managers employ a variety of techniques, both discretionary and systematic analysis, combinations of top down and bottom up theses, quantitative and fundamental approaches and long and short term holding periods. Although some strategies employ relative value techniques, Macro strategies are distinct from relative value strategies in that the primary investment thesis is based on predicted future movements in the underlying instruments, rather than realization of a valuation discrepancy between securities. In a similar way, while both macro- and equity hedge managers may hold equity securities, the overriding investment thesis is founded on the impact that movements in underlying macroeconomic variables may have on securities prices, as opposed to equity hedge, in which the fundamental

characteristics of the company in which shares are bought or sold are the most important and integral to investment decisions.

INVESTMENT PROCESS

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

MANAGER SELECTION AND DUE DILIGENCE

The objective of the Manager's selection process is to identify hedge fund managers with superior investment skills that have proven to operate successfully also in adverse 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. The three levels of analysis consist of:

- a qualitative due diligence process;
- a quantitative analysis; and
- an operational due diligence.

In the *qualitative* due diligence process the 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 judgment is required.

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

- people & organization;
- 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 calculations, administrators and prime brokers. The Manager's Head of Operations & Finance is instrumental in the operational due diligence process.

PORTFOLIO CONSTRUCTION AND RISK MANAGEMENT

In its portfolio construction, the Manager is driven by the notion that it can only set the level of portfolio risk, and the market will dictate returns. The Manager does not apply top-down (tactical) allocation based on relative return expectations across the various hedge fund strategies. Rather, the Manager 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 Manager strives to select managers that are able to produce positive returns in all market environments. The process embodies an optimization of the portfolio in which the Manager aims to minimize concentration risk by focusing on cross-correlations between managers and strategies. The 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.

ANALYSIS OF PORTFOLIO

As of December 31, 2011, the portfolio of the Fund consisted of ten Investee Funds of which three (37.5% of the Fund's Net Asset Value) are denominated in USD and the remainder (64.6% of the Fund's Net Asset Value) is denominated in EUR.

The Investee Funds use the following strategies: equity hedge (33.7%), event-driven (26.4%), and macro (39.9%). Considering the strategies applied by the managers of the Investee Funds, the Manager cannot provide an analysis of the investments of the Investee Funds from a broad industrial, commercial sector or geographical perspective.

The currency exposure of the Fund as of December 31, 2011 is as follows:

Currency	Net position	Notional amount derivatives	Currency exposure
United States Dollar	5,204,314	(4,963,670)	240,644

There has been on a pro rata basis no significant change in the Fund's portfolio (including its currency exposure) since December 31, 2011.

INVESTMENT TEAM

Short biographies of the persons involved with the investment management of the Fund are provided below.

Tijo van Marle obtained a Master of Business Administration (MBA) degree from the Harvard Business School in 1966. He subsequently worked as an investment banker at Pierson, Heldring & Pierson in Amsterdam (1967-1972), J. Henry Schroder Wagg & Co in London as Director International Capital Markets (1972-1982) and in Hong Kong as Managing Director (1982-1984) and from 1984 to 2001 as Managing Director at Credit Suisse First Boston in London and Amsterdam. He has been a director of the Manager since January 2001. Mr van Marle currently is member of the supervisory board of Spotze Media Group B.V. and managing director of Nipbond B.V. Furthermore he is director of Stichting Into Africa, which is the managing partner of Into Africa Fund C.V.

Tjeerd de Vries studied at the University of Twente and obtained a bachelors- and a master's degree in mechanical engineering and business administration (1977), respectively. He subsequently became Treasurer at the Dutch Gasunie (1977-1986), Executive Director at Swiss Bank Corporation International in London and Amsterdam (1986-1989), Director at Bank Labouchère (1990-1993), Assistant Director of Corporate Finance and Capital Markets at Rabobank International (1993-1998) and Director Treasury and Director Corporate Finance at Achmea Bank and Achmea Holding (1998-2001). He has been a director of the Manager since January 2001. Furthermore, Mr De Vries is managing director of Stichting Haarlem Opera.

Ruud Smets, CAIA worked at the interest rate derivatives desk of NIBCapital before joining Theta in October 2005. Prior to joining NIBCapital in 2004 Ruud worked at FundPartners, a company focusing on structured product solutions and hedge fund investments for institutional investors, where he was responsible for the hedge fund allocation of a large Dutch pension fund. Ruud has obtained his master's degree in Business Economics and Information Technology from Tilburg University in 2002 and is a Chartered Alternative Investment Analyst (CAIA).

ADVISORY BOARD

Theta Capital has an advisory board. The advisory board members represent a diversity of experience with a financial background and experience in the area of investment and divestment decision-making. The members are:

G. Freiherr von Richter is a German Swiss banker who headed first Clariden Bank and thereafter for a long time Bank Sal Oppenheim in Zürich. Although he retired as Chief Executive, he continues to invest for his extended client base. Mr von Richter has been active in the hedge fund world for a long time and has served on the Board of Leveraged Capital Holdings.

L.H. Wurfbain has spent an important part of his career selecting hedge funds for the three fund of funds launched by Pierson in the early 70's together with Edmond de Rothschild. He is on the board of Asia Capital Holdings and extensively travels the world to meet and monitor hedge funds. Mr Wurfbain lives in London and Switzerland.

R. van Rappard is a Managing Partner of CVC, one of the largest private equity groups in Europe, with responsibilities for Northern Europe and Asia. He joined CVC in 1989 having previously worked for Citicorp Corporate Finance in London and Amsterdam. Mr. Van Rappard is a Dutch citizen and holds an MA Degree in Economics from Columbia University, New York and a LLM from the University of Utrecht, Holland.

R.W.F. van Tets

Rijnhard van Tets holds a master's degree in law from Leiden University and was a member of the managing board of ABN AMRO during 1990-2002. His responsibilities have encompassed global corporate- and institutional banking and investment banking. Previously he held positions at First Boston Corporation, Sogen Swiss, (New York), Banque Européenne de Crédit in Brussels and the Société Générale in Paris. Mr Van Tets has held directorships at the Amsterdam Stock Exchange, Euroclear and the ISMA. Currently he is a managing director of Laaken Asset Management B.V. and the chairman or a member of a number of supervisory boards at public companies and at charitable and academic organizations.

FUND STRUCTURE

THE FUND

Theta Legends XL Fund is a common contractual fund (*beleggingsfonds voor gemene rekening*). The Fund was established under Dutch law by notarial deed (*notariële akte*) on February 22, 2011. The Fund has been established with an indefinite term. The Fund is subject to Dutch law. The trade name of the Fund is Theta Legends XL Fund.

Under Dutch law, a common contractual fund may be considered a contract *sui generis*. The management and custody of the assets of the Fund are governed by the Conditions. The Conditions provide that the terms and conditions and the arrangements made in connection thereto do not establish a partnership (*maatschap or vennootschap onder firma*) or limited partnership (*commanditaire vennootschap*). Dutch case law and scholars, however, have regularly deemed common contractual funds to be partnerships (*maatschappen*). Whether a common contractual fund is deemed a partnership or not is of particular importance for the applicability of the legal – statutory – provisions concerning partnerships. One of the most important provisions concerns the pro rata shared liability of the partners in a partnership for obligations assumed in the name of the partnership. In case the Fund is deemed to be a (separate) partnership, it is not certain whether what has been specified under Article 6.4 of the Conditions can be invoked against third parties. In view of the investment policy of the Fund it is not foreseeable that, in practice, a situation will occur in which the Participants are liable for more than the subscription price.

HISTORY OF THE FUND

Since the establishment of the Fund the Fund has been managed in accordance with its investment strategy without any significant events occurring.

FUND MANAGEMENT

The Fund is managed and founded by Theta Fund Management B.V., a private limited-liability company (*besloten vennootschap met beperkte aansprakelijkheid*) under Dutch law with its statutory seat in Amsterdam, The Netherlands. The Manager has been incorporated on May 9, 2001, with an indefinite term and is registered with the trade register of the Chamber of Commerce (*Kamer van Koophandel*) in Amsterdam under registration number 27198870. The trade name of the Manager is the same as the statutory name.

The statutory seat of the Manager is in Amsterdam and its offices are located at Johannes Vermeerstraat 9, (1071 DK) Amsterdam. The management board of the Manager also resides at this address. The phone number of the Manager is +31 (0)20 5722733. The articles of association of the Manager can be obtained at abovementioned address.

The management board of the Manager is appointed for an indefinite period of time and consists of mr Tijjo van Marle and mr Tjeerd de Vries. For detailed biographies of mr Van Marle and mr De Vries, please refer to the section ‘Investment Team’.

With respect to the members of the management board of the Manager and the Manager itself, the following applies:

- they have not been convicted in relation to fraudulent offences;
- they have not been involved in or associated with any bankruptcy, receivership or liquidation;

- they have not been subject to any official public incriminations and/or sanctions by statutory or regulatory authorities (including designated professional bodies), nor have they been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

The management board of the Manager, nor the Manager, is employed by the Fund. There are no employment contracts (nor other agreements) which provide them with a payment in case of a termination of their function.

No advisor has been appointed to advise the Manager with respect to assets of the Fund.

HISTORY OF THE MANAGER

The Manager is operationally integrated with Theta Capital. Theta Capital is an independent discretionary asset manager and investment advisor concentrating exclusively on hedge funds and is licensed with the AFM under article 2:96 Wft.

Theta Capital was founded in 2001 by Tjeerd de Vries and Tijo van Marle. Historically, its clients are mainly the 'classic' hedge fund investors, being high net worth private individuals, family offices and trusts. Theta Capital (including the Manager) currently has approximately € 250 million under management, predominantly from clients residing in The Netherlands, the U.K. and Switzerland.

On February 1, 2004, the Manager launched the Theta Multistar Fund. This fund invested in a diversified portfolio of hedge funds. Theta Multistar Fund was the preferred absolute return investment vehicle by many institutional investors, financial intermediaries and high net worth individuals. On July 1, 2006, Theta Capital launched the Theta Deep Value Fund, which aimed to benefit from opportunities in less liquid investments.

The 2008 financial crisis resulted in changes in the markets and changing investor appetite pursuant to which the Theta Multistar Fund and the Theta Deep Value Fund saw an increasing outflow of assets. The assets under management of Theta Capital declined from approximately € 920 million by the end of 2007 to € 600 million by the end of 2010 which continued thereafter. As a first response to the changing appetite of investors Theta Capital launched the Theta Legends Fund in 2010, which provides access to a portfolio of legendary alternative investment managers and Theta Legends XL Fund a year thereafter.

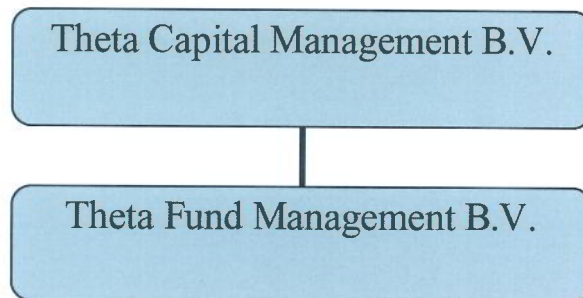
In December 2011, Theta Capital announced that it would concentrate on and augment its activities of managing individual, customized portfolios of hedge funds for large investors for which an increasing demand is seen now such investors seek individualized management strategies through discretionary asset management providing more flexibility than through investment funds. This shift from collective asset management can be fully catered by Theta Capital providing discretionary asset management services and fund management through the Manager. Further to the above developments, the Theta Multistar Fund and the Theta Deep Value Fund went into liquidation on February 20, 2012 and are liquidated by the Manager. The Theta Legends Fund was also liquidated on such date with the aim to merge it with the Theta Legends Fund XL.

FINANCIAL SUPERVISION OF THE FUND AND MANAGER

The Fund and the Manager are subject to supervision of both the AFM and the Dutch Central Bank (*De Nederlandsche Bank N.V.*). The Manager is licensed by the AFM under article 2:65(1)a Wft as a manager of investment institutions (*beheerder*).

GROUP STRUCTURE

The Fund is not part of a group and has no subsidiaries. The Fund is managed by the Manager. Theta Capital is 100% owner of the Manager. The board of Theta Capital Management B.V. (as is the case with the Manager) consists of Mr. Van Marle and Mr. De Vries.



CUSTODIAN

TMF Bewaar B.V. (the “**Custodian**”) will be acting as custodian (*bewaarder*) of the Fund Assets and Fund Obligations (the “**Fund Estate**”). The commercial name of the Custodian is TMF Bewaar B.V.

The Custodian was incorporated on 23 November 2005 as a private company with limited liability for an indefinite term under Dutch law. The Custodian is registered with the trade register of the Chamber of Commerce in Amsterdam with registration number 34236917. The Custodian is not supervised by a regulatory authority.

The Custodian has its statutory seat in Amsterdam, The Netherlands. Its address is Herikerbergweg 238, 1101 CM, Amsterdam Zuidoost, The Netherlands. The phone number of the Custodian is 020-5755600.

The management board of the Custodian consists of:

- M.C. van der Sluijs-Plantz;
- T.F.C. Wijnen;
- C. Andriesse;
- J.J. Schellingerhout;
- S.R. Lombert; and
- TMF Management B.V.

Under the rules of the Wft and Article 5 of the Conditions, the Custodian shall *inter alia* observe if any investment made by the Manager complies with the Investment Strategy of the Fund, act solely in the interest of the Participants and shall not acquire any assets or assume any obligations for its own account. Furthermore, Fund Assets will be registered in the name of the Custodian, or if such is not possible due to the kind of securities invested in, held in a securities account in the name of the Custodian with one or more custody banks. With regard to securities and /or monies held with a custody bank, the Fund has a counterparty risk.

The Custodian shall only be liable towards the Fund and the Participants for losses suffered by them to the extent that the losses result from culpable non-performance (*verwijtbare niet-nakoming*) or defective performance (*gebrekkige nakoming*) of its obligations, also in case the Custodian delegated the custody of Fund Assets in whole or partly to a third party.

OUTSOURCING

The Manager delegates certain operational aspects of the management of the Fund to Theta Capital. These operational aspects concern the selection of investments, portfolio constructions and risk management. Theta Capital is licensed by the AFM under article 2:96 Wft.

Furthermore, the general administration of the Fund is delegated by the Manager to TMF Fund Administrators B.V. as third party administrator. Services of the Administrator include processing the subscription and redemption of Participations, maintaining all appropriate investor registers and ledgers, preparing and maintaining financial and accounting books and records and maintaining the Fund's principal administrative records. The calculation of the Net Asset Value is also outsourced to the Administrator.

LEGAL INFORMATION

CONDITIONS

OBJECT OF THE FUND

The object of Fund is to invest in accordance with the investment objectives (“**Investment Objectives**”) for the joint risk and account of the Participants (article 3.1 of the Conditions).

The Conditions contain provisions, inter alia, to the following effect:

PARTICIPATIONS

As of June 25, 2012, 425,227 Participations were outstanding. This Prospectus relates to the offer of 1,000,000 Participations, all of which currently are Class A Participations. Pursuant to the Conditions, the Manager is authorized to issue additional Class A Participations or Participations of other Classes. All Participations will be subject to Dutch law. Participants do not have a pre-emptive right on newly issued Participations. No Participant approval is required for the issue of additional Participations.

The Class A Participations were initially issued against an issue price of EUR 100 on March 1, 2011, and at the Net Asset Value thereafter. The Participations do not have a nominal value.

MEETINGS OF PARTICIPANTS AND VOTING RIGHTS

The Manager may, as often as it deems necessary in the interest of the Participants, convene a meeting of all Participants or of the Participants in one or more Classes. The Conditions do not provide for an annual general meeting of Participants. The meetings will be held in Amsterdam or another place to be determined by the Manager.

Notice for a meeting will be published in a Dutch national daily newspaper in accordance with Article 16 of the Conditions at least fourteen (14) days prior to the meeting and will state the date, time, place, agenda for the meeting and the procedure to attend the meeting of Participants. Participants will be admitted to a meeting of Participants on production of a certificate issued by the Manager. The Manager will issue this certificate after the Principal Paying Agent has received a written statement from an admitted institution (*aangesloten instelling*) qualifying as a participant of Euroclear Nederland, as defined in the Netherlands Securities Giro Act (*Wet giraal effectenverkeer*), including the number of Participations for which a Participant is listed as holder of record at the close of business on a record date to be determined by the Manager. Participants will need to instruct their admitted institution to provide the relevant information to the Principal Paying Agent in order to receive the admission certificate for the meeting of Participants.

The Manager shall appoint a chairman and a secretary for each meeting of Participants. The chairman shall be responsible for determining the procedure to be adopted for the conduct of any meeting of Participants. The secretary shall be responsible for the preparation of minutes of the meeting of Participants.

Each Participation of a certain Class will have one vote in the meeting of Participants of that Class. Each Participation denominated in Euro gives, without any exception, an entitlement to one vote in a meeting of Participants of the Fund. Participations denominated in another currency than the euro will have a voting power in a meeting of Participants depending on the relevant exchange rate against the euro on the most recent Business Day prior to the day on which the votes are cast. For example, if a Participation is

denominated in US Dollars and the exchange rate is 1 Dollar to 0.75 Euro, the holder of a Participation denominated in Dollars will have 0.75 votes per Participation in the meeting of Participants.

Every Participant will be authorized to attend the meeting of Participants, either in person or by means of a written proxy, to speak at the meeting and to exercise the voting right if the holder has informed the Manager in writing of his intention to attend the meeting, in accordance with the Conditions.

Unless otherwise required by the Conditions all resolutions of a meeting of Participants will be adopted by an absolute majority of the valid votes cast (hereafter: “Ordinary Resolution”).

Participants will have the right to vote on Participations that are subject to a right of usufruct (*vruchtgebruik*) or beneficial interest or a right of pledge unless the usufructuary, beneficial owner or the pledgee of any Participation have been granted the right to vote on Participations upon the establishment of the relevant usufruct, beneficial interest or pledge.

MANAGER

Subject to article 6.1 of the Conditions, the Manager is charged with the management and administration of the Fund, to dispose of or exchange any of the Fund Investments, to assume Fund Obligations and to perform any and all other acts in its own name on behalf and for the account of the Fund, which are in the opinion of the Manager reasonably necessary for, or conducive to, the attainment for the Investment Objectives. In managing the Fund, the Manager shall act solely in the interest of the Participants.

The Manager may delegate all or any part of its powers and duties to one or more suitable parties, or may seek advice from such parties. In accordance with the Conditions, the Manager has delegated certain operational aspects of the management of the Fund to Theta Capital. Also, the administration of the Fund, including the calculation of the Net Asset Value has been delegated to the Administrator.

The Manager cannot resign or withdraw from the Fund unless replaced by a successor sanctioned by a Ordinary Resolution of the meeting of Participants, to be held within four weeks after the Manager has announced its intention to resign.

The Manager may be removed from office and a new fund manager may be appointed, by a resolution representing at least 75% of the Participants (“**Special Resolution**”), in the event of fraud, gross negligence (*grove schuld*), willful misconduct (*opzet*) or a material breach (not remedied within 120 days) of a Participant giving notice to the Manager requiring to do so) by the Manager in carrying out its obligations under the Conditions.

CHANGES IN PARTICIPANTS’ RIGHTS

Any term in this Prospectus and the Conditions may be amended by the joint proposal of the Manager and the Custodian without any further consent of the Participants. In case of a change of the Conditions leading to an amendment of the Prospectus, a new prospectus or a supplement to the Prospectus will be submitted to the AFM for its approval.

The Fund will inform the Participants of the text of an amendment of the Conditions at least thirty (30) calendar days before the day on which the amendment shall come into effect. Such notice will be published in a Dutch national daily newspaper and will also, together with an explanation to the amendment, be published on the Website.

Furthermore, any change in the conditions which causes a reduction in the Participant's rights or security or imposes costs upon Participants or involves a change in the Investment Objectives, does not become effective until one (1) month after the date of (approval of) the change and during this period Participants shall be entitled to redeem their Participations under the then existing conditions. In particular, the provisions on Redemption, as referred to under the "*Section Redemptions*" shall apply to any such Redemption.

TERMINATION AND WINDING-UP

Although the Fund has an indefinite duration, it shall be terminated on the bankruptcy, dissolution or liquidation of the Manager unless the appointment of a replacement of the Manager is approved by an Ordinary Resolution.

The Fund may also be terminated at any time with the sanction of a Special Resolution, upon the Manager committing fraud, gross negligence (*grove schuld*), willful misconduct (*opzet*) or material breach of the Conditions which is not remedied within a reasonable period of time. Furthermore, it may be terminated with the consent of the Manager and the sanction of a Special Resolution, or on not less than a three month's notice by the Manager to the Participants.

The Manager may also (with the consent of an Ordinary Resolution) by notice in writing to the Participants, terminate the Fund at any time if in its reasonable opinion it would be impracticable, unlawful or inadvisable to continue.

Upon termination or dissolution of the Fund, no further business shall be conducted for the Fund, except for such actions as shall be necessary for the winding up of the affairs of the Fund and the distribution of the Fund Assets which shall be effected by the Manager.

During the liquidation period the Conditions shall, to the extent possible, remain in full force and effect. The balance left after the liquidation shall be distributed, in accordance with the provisions specified in Article 19.1 of the Conditions, through Euroclear Nederland and/or the Principal Paying Agent. Notice that distributions are to be made payable to the Participants and the composition of the distributions or collections shall be given in accordance with the provisions as specified in the Conditions. The Manager shall duly render accounts to the Participants before making any distributions unless the liquidation is effected in view of a restructuring or merger of the Fund through which the Participants will receive participations in another fund as a liquidation payment in kind.

The Manager shall prepare liquidation accounts, which shall be accompanied by a certificate of an auditor. Approval of those liquidation accounts by a meeting of Participants shall constitute, upon approval by Ordinary Resolution, a discharge of the Custodian and the Manager.

DISTRIBUTION POLICY

The Manager does not intend to distribute any income of the Fund to its Participants. The Manager shall have sole discretion whether to distribute any income of the Fund or whether to retain it within the Fund. The Manager currently intends to reinvest within the Fund all investment gains, paid out dividends or other distributions by Investee Funds to the Fund, unless mandatory pursuant to applicable tax rules. However, the Manager has the option to make distributions, which shall in such event be made to the Participants, pro rata to their participation in the Fund.

Distributions of income of the Fund, if any, and other payments are payable as of or on a date determined by the Manager. The declaration of such payments by the Fund will be announced by in a Dutch national

daily newspaper and on the Website. A Participant's claim to distributions of income and other payments lapses in favor of the Fund twenty years after the second day on which the claim became payable.

For the financial year 2011 of the Fund, the Manager has decided to make no distribution.

OBLIGATIONS OF PARTICIPANTS TO MAKE A PUBLIC OFFER

Participants are not obliged to make a public offer for all Participations, in case they acquired a certain percentage of the outstanding Participations. Furthermore, Participants do not have to disclose substantial holdings in the Fund. Under Dutch law, no squeeze-out proceedings are applicable to a common contractual fund.

MARKET ABUSE REGIME

The market abuse regime set out in the Wft, which implements the European Union Market Abuse Directive (2003/6/EC), is applicable to the Fund, the members of the management board, other key employees, insiders and persons performing or conducting transactions in the Participations. Certain important market abuse rules set out in the Wft that are relevant for investors are described hereunder.

The Fund must make public price-sensitive information once a request for admission to listing on Euronext Amsterdam has been made. Price-sensitive information is information that is concrete and that directly concerns the Fund, which information has not been publicly disclosed and whose public disclosure might significantly affect the price of the Participations or derivative securities. The Fund must also provide the AFM with this information at the time of publishing. Further, the Fund must immediately publish the information on the Website and keep it available on its Website for at least one year.

It is prohibited for any person to make use of inside information within or from the Netherlands by conducting or effecting a transaction in the Participations. Inside information is information that is concrete and that directly or indirectly concerns the Fund or the trade in Participations, or other securities which pertain to the Fund, which information has not been publicly disclosed and whose public disclosure might have a significant influence on the price of the Participations, or other derivative securities.

Once a request for admission to listing on Euronext Amsterdam has been made, insiders of the Fund within the meaning of Articles 5:60 Wft are obliged to notify the AFM when they carry out or cause to be carried out, for their own account, a transaction in the Participations or in other securities of which the value is at least in part determined by the value of the Participations. Insiders of the Fund within the meaning of Article 5:60 Wft are: (1) members of the management board, (2) persons who have a managerial position with the Fund and in that capacity are authorized to make decisions which have consequences for the future development and prospects of the Fund and can have access to inside information on a regular basis, (3) spouses, registered partners or life partners of the persons mentioned under (1) and (2), or other persons who live together with these persons as if they were married or as if they had registered their partnership, (4) children of the persons mentioned under (1) and (2) who fall under their authority or children who are placed under the guardianship (*curatele*) of these persons, (5) other relations by blood or marriage of the persons mentioned under (1) and (2) who, on the date of the transaction, have shared a household with these persons for at least one year, and (6) legal entities, trusts within the meaning of Article 1(c) of the Act on the Supervision of Trust Offices, or partnerships: (a) the managerial responsibility for which lies with a person as referred to under (1) to (5), (b) which are controlled by such a person, (c) which have been incorporated or set up for the benefit of such a person, or (d) whose economic interests are in essence the same as those of such a person.

This notification must be made no later than the fifth week day after the transaction date on a standard form drawn up by the AFM. The notification obligation within the meaning of Article 5:60 Wft does not apply to transactions based on a discretionary management agreement as described in Article 8 of the Dutch Market Abuse Decree (*Besluit marktmisbruik*). The notification pursuant to Article 5:60 Wft may be delayed until the moment that the value of the transactions performed for that person's own account, together with the transactions carried out of the persons associated with that person, reach or exceed the amount of €5,000 in the calendar year in question. Non-compliance with the reporting obligations under the Wft could lead to criminal fines, administrative fines, imprisonment or other sanctions.

Pursuant to the rules against insider trading, the Fund has adopted rules governing the holding of and carrying out transactions in the Participations by members of the management board and the employees of the Manager. Further, the Fund has drawn up a list of those persons working for the Fund who could have access to inside information on a regular or incidental basis and has informed the persons concerned of the rules against insider trading and market manipulation including the sanctions which can be imposed in the event of a violation of those rules.

CORPORATE GOVERNANCE

The Corporate Governance Code (*Code Tabaksblat*) is not applicable to the Fund.

RELATED PARTY TRANSACTIONS

There will be no related party transactions, except for possible trades with other fund-of-funds managed by the Manager. Such transactions are not concluded at a regulated market or another market in financial instruments, but will always be at the net asset value of the underlying fund and therefore on market-based terms and conditions. All such transactions will be based in all cases on an independent valuation, but a valuation by one or more of the parties involved in the transaction is also possible.

On March 1, 2012, 311,787 Participations valued at € 27,293,834 were issued to Theta Legends Fund as part of its liquidation process and were ultimately distributed to the participants of the Theta Legends Fund as liquidation proceeds. The Fund did not issue the said Participations against a payment in cash but against a contribution in kind consisting of a pro rata part of the assets of the Theta Legends Fund. Since both funds applied the same investment policy and thus invested in the same Investee Funds, the compilation of the Fund was not affected and resulted merely in an enlargement of the Funds' portfolio. The assets that were acquired by the Fund were valued by the Manager in accordance with the valuation principles of the Fund and therefore not affecting the Net Asset Value of the Fund.

CONFLICTS OF INTEREST

Certain conflicts of interest may exist between the Manager and the Fund and between the Fund and a Participant. The Fund has no specific arrangements to deal with conflicts of interest, but will attempt to serve the Participants' interests to the best possible extent should a conflict of interest arise.

Incentive Fee Compensation

The Manager will be entitled to incentive compensation from the Fund. Managers of the Investee Funds are likely to also receive incentive compensation from those funds. As a result, the fee structure imposed by the Fund is higher than if a Participant directly invested in the Investee Fund. Moreover, incentive fees may create an inducement for the Manager or the fund managers of the Investee Funds to make investments that are riskier or more speculative than would be the case if such fees were not in effect. The Fund may invest in funds or companies affiliated to the Manager.

Other Investment Funds and Proprietary Trading

The Manager or its affiliates may become the fund manager or investment adviser of other private investment funds or pooled investment vehicles of other clients which may have similar objectives as the Fund. Neither the Manager nor its affiliates are under any obligation to share any investment opportunity, idea, or strategy for the benefit of the Fund, and may compete with the Fund for appropriate investment opportunities.

In the ordinary course of business, the Manager and its affiliates are engaged or may be engaged in the management and the advisory of other funds or portfolios of hedge funds, where their interests or the interests of their clients may conflict with the interests of the Participants. Conflicts of interest may also arise if the Manager and / or its affiliates become subject to any merger or acquisition. The Manager and its affiliates will, on a best efforts basis, attempt to serve the Participants' interests to the best possible extent should a conflict of interest arise.

Diverse Participants

Participants in the Fund are expected to include persons or entities organized in various jurisdictions and subject to various tax regimes. As a result, conflicts of interest may arise in connection with decisions made by the Manager that may be more beneficial for one type of Participants than for another type of Participants. In selecting investments appropriate for the Fund, the Manager will consider the investment objectives of the Fund as a whole, not the investment objectives of any Participants individually.

LEGAL PROCEEDINGS

There are not and there have not been any governmental, legal or arbitration proceedings, nor is the Fund aware of such proceedings threatening or pending, which may have or have had in the 12 months before the date of this Prospectus significant effects on the financial position or profitability of the Fund.

FEES

FUND FEE STRUCTURE

The fee structure relating to the Fund is as follows:

MANAGEMENT FEE

The Manager shall be entitled to an annual Management Fee of 1.25% of the aggregate Net Asset Value of a Class. The Management Fee shall accrue on each Business Day by reference to the Net Asset Value on that day and be paid quarterly in arrears on the last Business Day in each of March, June, September and December.

INCENTIVE FEE

The Manager shall be entitled to an annual Incentive Fee calculated per Class equal to 5% of the amount by which the Total Return (as defined hereunder) exceeds the Benchmark Return (as defined hereunder).

For the purpose of calculating the Incentive Fee, 'Total Return' means the increase of the Net Asset Value of a Class as at the end of the financial year over its level at the beginning of the year (after deduction of all expenses and liabilities allocated to a Class before deduction of the Incentive Fee). Further, 'Benchmark Return' means the increase in a financial year of the Net Asset Value of a Class calculated on the basis of a rate of 3-month Euribor + 2% per annum.

In calculating the Incentive Fee in an absolute amount:

- 1) an equitable adjustment shall be made for Participations subscribed and redeemed during the financial year; and
- 2) any distributions paid to Participants during the financial year shall be added back.

The Incentive Fee shall be payable to the Manager as to 90% of the estimated amount thereof one month after the end of the relevant financial year. The balance shall be 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 Manager.

No Incentive Fee is charged when the Net Asset Value, including distributions, at the end of a financial year is below the Net Asset Value at year-end of the previous financial year. All fees are excluding VAT, if and when due.

The Incentive Fee, monthly determined on a pro rata basis and calculated and charged to the Net Asset Value, is paid to the Manager once a year after the end of the financial year of the Fund, or at redemption, if applicable.

COSTS AND EXPENSES

CUSTODIAN AND ADMINISTRATION FEES

The current fee charged by the Administrator for the Fund's general administration is based on the Net Asset Value of the Fund (0.12% up to € 100 million, 0.1% on next 100 million, and 0.08% on Net Asset Value above € 200 million) with a minimum fee of € 15,000 for the first six months and after that a minimum fee of € 40,000 per year. All fees are excluding VAT, if and when due and payable by the Fund. During the life of the Fund the Manager may negotiate changes in these fees without the consent of the Participants being required.

OVERHEAD COSTS

The Manager shall provide, at its own expense, office facilities and staff to facilitate the carrying on of the activities of the Fund.

EXPENSES AND OPERATING COSTS

Operating expenses shall be borne by the Fund, including (but not limited to), costs relating to the acquisition and disposal of investments, the fees and expenses of such attorneys, agents, lawyers, accountants or other advisers as the Manager may deem necessary or advisable in relation to the affairs of the Fund, costs relating to the administration of the Fund, compliance costs, advertising and printing expenses, tax compliance costs, the listing fees of Euronext Amsterdam, the costs of general meetings of shareholders, auditors' fees, any taxes due by the Fund, interest, bank charges and litigation related expenses.

ESTABLISHMENT COSTS

Fees and expenses payable in connection with the formation of the Fund ("**Establishment Costs**" including, but not limited to: fees and expenses of attorneys, tax advisers, auditors, consultants and other professional advisers, advertising, printing expenses) shall be borne by the Fund. The Establishment Costs are € 148,833. The Establishment Costs will be amortized over 5 years from the start of the Fund.

AUDIT AND OTHER PROFESSIONAL FEES

The audit fees of the Fund are estimated to be approximately € 15,000 (excluding VAT). Other professional fees are estimated to be approximately € 14,000 to € 24,000 per year (excluding VAT).

SUPERVISORY COSTS

Levies of supervisors and costs related to supervision are borne by the Fund. The actual supervisory costs due by the Fund vary each year and will be included in the annual accounts.

SUBSCRIPTION, REDEMPTION AND OFFER

GENERAL

The Fund is a common contractual fund. Redemption of Participations is only possible under certain restrictive conditions as stated in this Prospectus.

Subscription for Participations is subject to the limitations and conditions as stated in this Prospectus. Participations may be purchased or redeemed through transactions directly with the Fund, or bought and sold through over-the-counter transactions and the facilities of Euronext Amsterdam. The Participations are listed in the K4 segment allowing continues trading enabling the sale and purchase of Participations during trading hours of Euronext Amsterdam being 9:00 am to 5:30 pm each trading day.

TRANSACTIONS DIRECTLY WITH THE FUND

When purchasing or redeeming Participations directly through the Fund, requests for subscriptions and redemptions should be addressed to the Administrator. The Administrator acts as disbursing and receiving facility for the Fund in connection with subscriptions for and redemptions of Participations. TMF Fund Administrators B.V. (Westblaak 89, 3012 KG Rotterdam, The Netherlands, telephone: +31 (0)10 2711370) acts as administrator.

OFFER AND SUBSCRIPTIONS

The Manager resolved on February 21, 2011 to issue a maximum of 1,000,000 Class A Participations on a continuous basis during the validity of this Prospectus (12 months after approval by the AFM). The Manager has the right to issue additional Class A Participations or Participations of another Class, in which case a new prospectus will be submitted to the AFM for approval.

Subscriptions for Class A Participations through the Fund can be made each Business Day and are accepted at the Net Asset Value of the respective Class on the first Business Day after the Business Day the subscription was received plus a subscription charge, which may vary to the discretion of the Manager, but which will not exceed 3% of the Net Asset Value of the relevant Class. On the date of this Prospectus the subscription charge is 0%. Prospective Participants will be informed about the actual subscription charge on the Website. The subscription charge is payable to the Fund and/or the Manager. Multiple subscriptions by a Participant are allowed and will be processed as normal subscriptions. The Class A Participations will be issued at the Net Asset Value at the first available Net Asset Value date following the date the subscription was received by the Manager.

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

To subscribe for Participations, a prospective Participant must:

- complete and execute an application form, which can be downloaded from www.thetacapital.com;
- send this form to the Administrator before the Business Day on which the Participant wants to enter the Fund; and
- transfer the total subscription amount to a bank account (as specified on the application form), specifying the desired Class, if any, before the Business Day on which the Participant wants to enter the Fund, unless it is otherwise agreed by the Manager. The Participations will not be issued to the prospective Participant before the subscription amount has been transferred.

The Manager endeavors to provide deal confirmations via e-mail to prospective Participants within 12 Business Days receipt of the subscription form. A (prospective) Participant may withdraw a subscription partially or in whole prior to the Business Day on which the Participant is scheduled to enter the Fund and the Participations will be issued to the prospective Participant against payment and credited to the securities account of the Participant. Dealing in the Participations will not be possible before the Participations have been credited to securities account of the Participant. Although subscription to the Participations is open for everyone interested in investing in the Fund, the Manager reserves the right to accept or reject any application in its sole discretion. Prerequisite for acceptance of applications is that the potential investor provides the information as requested by the Manager, inter alia, relating to his antecedents, so as to comply with Dutch anti money laundering and anti-terrorism regulations. Compliance with such regulations, may lead to the rejection of an application.

The Fund may temporarily suspend the issuance of Participations at any time at the discretion of the Manager, even after the Participations have been listed on Euronext Amsterdam. As soon as the Fund has decided to suspend the issue of Participations, the Administrator will inform those prospective Participants who have submitted an Application Form, but to whom Participations have not yet been issued, about the temporary suspension of subscriptions. Any amounts paid for the subscription price will be reimbursed to the prospective Participant without interest.

REDEMPTIONS

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 by 18:15 hours (Amsterdam time) at least 90 calendar days prior to the Redemption Day) and after delivery of the Participations to an account of the principal paying agent ("**Principal Paying Agent**") as further determined by the Manager. Once a redemption request has been accepted by the Fund, any costs incurred as a result of withdrawal of the redemption request will be charged to the Participant.

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

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

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

The Manager endeavors to provide deal confirmations to Participations within 3 Business Days after the relevant Redemption Day of redemption and to distribute redemption proceeds to Participant ordinarily within 3 Business Days, but in any event not later than 30 Business Days after the Redemption Day.

There is a redemption charge with a maximum of 3.0% of the Net Asset Value of the relevant Class at the Redemption Day on which a redemption is effected, which is payable to the Fund.

TRANSACTIONS THROUGH LIQUIDITY PROVIDERS

For the convenience of investors, to create a market with orderly trading and to promote liquidity of the Participations, the Fund has designated SNS Securities and IMC, to act as liquidity providers in the

Participations as referred to and subject to the applicable rules of the Euronext Rule Book. The Fund has with both SNS Securities and IMC liquidity agreements (*liquiditeitsovereenkomsten*) in the meaning of the Regulation of the Minister of Finance dated May 4, 2011, no: FM/2011/8728M. The Fund has agreed, subject to certain limitations as described below, to (i) accept redemptions of Participations by the liquidity providers on each Business Day at the Net Asset Value of that Business Day. The net price to be paid by the Fund to the liquidity providers will not be higher than the next Net Asset Value of the relevant Class following receipt of a redemption notice minus a redemption charge with a maximum of 3% of the Net Asset Value of the relevant Class, and (ii) issue Participations daily at the next Net Asset Value of the relevant Class following receipt of a subscription notice free of subscription charges. It is contemplated that the availability to investors of the liquidity provider facility would be suspended if the subscription and redemption or repurchase of Participations are suspended.

The Fund has agreed to accept subscriptions and redemptions from the liquidity providers up to a maximum amount. Currently this limit is set at 5% per week of the Net Asset Value at the last Business Day of the preceding calendar week and 10% of the Net Asset Value at the last Business Day of the preceding calendar month. The actual applicable maximum amount is stated on the Website. When this limit has been reached, the liquidity providers will continue to provide a market in Participations on a best effort basis with regard to the quote size and the spread between the bid and offer price. Participants should note that although the Fund has agreed to accept redemptions from the liquidity providers on each Business Day there is no guarantee that Participants will be able to sell their Participations on a daily basis and Participants should also note that the price in the secondary market may vary from the then applicable Net Asset Value per Class. Transactions between Participants and the liquidity providers are the responsibility of those parties and not of the Fund. The Fund may from time to time undertake further repurchases of Participations, through the liquidity providers or otherwise, at discounts to prevailing Net Asset Value in order to attempt to limit the prevailing discount. The benefit of the discount of such repurchases shall be retained by the Fund for the benefit of Participants of the Fund. As stated under 'Redemptions' above, Participants may redeem their Participations directly to the Fund on a monthly basis with 90 calendar day notice.

SUSPENSION OF DEALINGS

Situations in which dealings may be suspended

The Manager may declare a suspension of valuations and the issue and redemption of Participations for the whole or any part of a period during which:

- 1) by reason of the closure of or the suspension of trading on any stock exchange or over-the counter market or any other reason, circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable for the Fund to dispose of investments or fairly to determine the Net Asset Value; or
- 2) a breakdown occurs in any of the means normally employed by the Manager in ascertaining the value of investments or any other reason or circumstances exists which in the opinion of the Manager means the value of the investments or other assets of the Fund cannot reasonably be ascertained; or
- 3) it is not possible to receive remittances in respect of the investments or to make payments pursuant to a redemption at all or without undue delay.

The suspension will be announced by way of a press release, which will also be posted on the Website.

Duration of suspension of dealings

Any such suspension shall take effect at such time as the Manager shall declare, but not later than the close of business on the Business Day following the declaration. Thereafter there shall be no determination of the Net Asset Value, until the Manager shall declare the suspension at an end, except that the suspension shall terminate in any event on the first Business Day on which:

- the condition giving rise to the suspension shall have ceased to exist; and
- no other condition shall exist under which suspension is authorized under this Prospectus.

Each such declaration by the Manager shall be consistent with such rules and regulations (if any), relating to the subject matter thereof, as shall have been promulgated by any authority having jurisdiction over the Fund as shall be in effect at the time. To the extent not inconsistent with such rules and regulations, the decision of the Fund shall be conclusive.

USE OF PROCEEDS

The proceeds of the Offer will be used for investments as described under ‘Key Objectives and Investment Strategy.’ The total proceeds of this Offer are estimated to be EUR 100,000,000. The total costs of the offering are estimated to be EUR 100,000 and will be paid by the Fund.

WORKING CAPITAL STATEMENT

The Fund’s has sufficient working capital for its present requirements, which is for at least the next 12 months from the date of this Prospectus.

DILUTION

Participations will be issued against the prevailing Net Asset Value. There will be no dilution for the existing Participants.

REPORTING AND INFORMATION

HISTORICAL FINANCIAL INFORMATION

The relevant historical financial information of the Fund is available in the audited annual report dated 31 December 2011.

The historical financial information set forth below is selected from the Fund's 2011 audited annual report, attached to this Prospectus as Annex I. This information is also available free of charge at the Fund's office and on the Website.

Since the date of the audited annual report containing the latest financial information on the Fund's portfolio the Fund's financial and trading position has changed due to the increase of the net assets of the Fund and the contributions of the Participants with about € 27.3 million in March 2012 through the issue of 311,787 Participations. Since the portfolio added consisted of the same assets and liabilities in an equal proportion of the assets and liabilities as the then existing portfolio of the Fund, the financial and trading position of the Fund increased in absolute numbers but effectively has no significant impact for the Participants who participate on a pro rata basis.

	As of Dec 31, 2011
	EUR
Net assets attributable to holders of Participations in accordance with Dutch GAAP	13,563,389
Adjustments	
Unamortised incorporation costs	123,982
	<hr/>
Adjusted net assets to holders of Participations in accordance with the Prospectus	<u>13,687,371</u>
Number of Participations	164,387
	<hr/>
NAV per Participation	<u>83.26</u>

PERFORMANCE SUMMARY

The following table shows the (unaudited) net returns of the Fund for the month ending 31 May 2012.

May 2012	-3.0%
2012, until and including May 31	2.2%

The following table shows the net returns of Theta Legends XL Fund for the period starting from the establishment of the Fund and ending 31 May 2012. The below net returns for 2012 are not audited.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY
2012	3.03%	2.05%	0.48%	0.01%	2.98%	-	-	-	-	-	-	-	2.22%
2011	-	-	2.20%	2.18%	4.94%	3.04%	1.53%	4.19%	6.81%	1.98%	1.02%	2.02%	15.00%

Participation Net Asset Value Summary

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	85.78	87.54	87.96	87.97	85.11	-	-	-	-	-	-	-
2011	-	-	100	100.74	95.70	92.79	93.27	90.92	84.73	84.17	85.03	83.31

CAPITALIZATION AND INDEBTEDNESS

This table sets forth the expected capitalization and indebtedness of the Fund as of 31 December 2011 and updated as per May 31, 2012 (unaudited).

		<u>As of 31 December 2011</u> (EUR)	
		Dec 31 2011	May 31 2012
Total Current Debt:		289,928	1,125,929
Secured (losses on the currency forward contracts with ABN AMRO Bank)		203,992	1,008,007
Non-secured (payable to servicers)		85,936	117,922
Total Non-Current Debt:		-	-
Shareholder Equity:		13,563,389	36,293,662
Contributions participants		16,464,585	33,064,432
Unappropriated loss		(2,901,196)	(3,229,230)
A Cash		3,419	-
B Cash equivalent		-	-
C Trading securities		13,849,880	38,170,158
D Liquidity		13,853,299	38,170,158
E Current Financial Receivable		18	134,397
F Current bank debt		-	884,964
G Current portion of non-current debt		-	-
H Other current financial debt		289,928	1,125,929

I	Current Financial Debt	289,928	2,010,893
J	Net Current Financial Indebtedness	(13,563,389)	(36,374,832)
O	Net Financial Indebtedness	(13,563,389)	(36,293,662)

CAPITAL RESOURCES

The Fund is financed with the subscription proceeds of the Participations and with cash from its existing debt facilities. As at 31 December 2011, the Fund maintained a line of credit with ABN AMRO Bank N.V. for a total maximum amount of € 5 million. The total credit facility drawdown may at no time exceed 20% of the securities pledged by the Fund.

CASH FLOW STATEMENT

	2011
	EUR
Cash flows from operating activities	
Net payments from non-derivative financial assets at fair value through profit or loss	(15,930,407)
Net payments for derivative financial instruments	(148,331)
Interest received	2,593
Interest paid	(1,858)
Management fee paid	(114,022)
Administration fee paid	(18,321)
Custody fee paid	(13,564)
Legal fee paid	(1,587)
Incorporation costs paid	(148,833)
Redemption fee received	3,157
Bank charges paid	(618)
Other general expenses paid	(97,075)
Net cash flows used in operating activities	(16,468,866)
Cash flows from financing activities	
Proceeds from sales of participations	16,780,213
Payments on redemptions of participations	(315,628)
Net cash flows generated from financing activities	16,464,585
Net decrease in cash and cash equivalents	(4,281)
Cash and cash equivalents at beginning of period	-
Foreign currency translation of cash positions	7,700
Cash and cash equivalents at the end of the period	3,419
Total of cash and cash equivalents	3,419

FINANCIAL YEAR

The financial year of the Fund coincides with the calendar year.

PERIODICAL REPORTS

The Fund prepares monthly reports, interim statements and semi-annual, and annual written reports on the Fund's portfolio. The reporting currency is the Euro and may be expended to other currencies as soon as more Classes have been issued. The monthly statements, interim statements, annual- and semi-annual reports are available free of charge for the Participants at the Fund's office and on the Website.

It should be noted that for the monthly, semi-annual, and annual reports, the Fund depends on the administrators of the Investee Funds, both in respect of timing and the contents of the reports. Provisional valuations may sometimes have to be applied and are based on information supplied by the Investee Funds. As soon as audited annual accounts of the Investee Funds are available, any provisional information will be reviewed and necessary adjustments will be made.

MONTHLY

As soon as reasonably practicable following the last Business day of each month, the Manager prepares an (unaudited) report, containing the following information:

- the total value of the Fund's assets;
- an overview of the composition of the Fund's assets;
- the number of issued Participations;
- a provisional Net Asset Value attributable to a Participation in each Class as of such Business Day;
- the definitive Net Asset Value attributable to a Participation in each Class as of such Business Day in the previous month; and
- details of the performance of the Fund over the previous month, over the year to date and since its beginning.

Monthly reports are available on the Website.

(SEMI-) ANNUAL REPORTS

The (semi-)annual reports of the Fund include the information required pursuant to the Wft.

The semi-annual report of the Fund is available within 2 months of the end of the first half of the relevant financial year. This non audited report contains in any case the semi-annual financial statements.

The annual report of the Fund will be audited and prepared within 4 months after the end of each financial year. The annual report will be audited by Ernst & Young Accountants or another reputable auditing firm. The annual report includes:

- the balance sheet;
- an income statement;
- explanatory notes;
- statement of the investments acquired, sold or otherwise disposed of during the financial year and a report by the Manager expressing its opinion on the value of the investments held at the end of the financial year; and
- a specification of the composition of the Fund by Investee Fund in percentages of that portfolio for all Investee Funds which represent more than 2 % of the value of the Fund.

The annual accounts of the Fund are in principle based on audited annual accounts of the Investee Funds. Deviation from this general rule is possible when the audited accounts of the Investee Funds are not

received in time. If that is the case, and also in the case that an Investee Fund in which the Fund participates has a different year-end date, the unaudited or estimated net asset value of that particular Investee Fund provided by the administrator of that Investee Fund will be used.

The annual accounts will be prepared in accordance with Dutch General Accepted Accounting Principles (Dutch GAAP).

AUDITOR

The Fund has appointed Ernst & Young Accountants, LLP as the auditor of the Fund. The accountants of Ernst & Young are members of the Royal Netherlands Institute of Registered Accountants (*Koninklijk Nederlands Instituut van Registeraccountants*).

PORTFOLIO VALUATION / DETERMINATION OF RESULTS

Each Dealing Day, the Manager will determine the Net Asset Value of each Class in accordance with article 12.1 of the Conditions and publish this on the Website. The calculation of the Net Asset Value will be delegated to the Administrator. The most recent (as per June 25, 2012) Net Asset Value of a Participation is € 84.49. This value is not audited.

The Manager shall be entitled, at its discretion, to apply a method of valuing any investment different from that prescribed hereunder if such method would in its opinion reflect the fair value of an investment best. The Manager may rely upon opinions and estimates of any persons who appear to it to be competent to value investment of any type or designation by reason of any appropriate professional qualification or experience of the relevant market. In determining the amount of liabilities the Manager may calculate administrative and other expenses of a regular or recurring nature on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any such period.

The Administrator calculates the Net Asset Value of each Class by dividing the aggregate fair market value, according to International Financial Reporting Standards, of the total assets attributable to that Class minus the debts, obligations and liabilities attributable to that Class.

For the purposes of determining the Net Asset Value of a certain Class, any assets or liabilities in currencies other than the denomination of the Class will be converted into the denomination of the Class at the rate (whether official or otherwise) which the Manager shall in its absolute discretion deem appropriate to the circumstances having regard, inter alia, to any premium or discount which it considers may be relevant and to the costs of exchange at the time of determination of the Net Asset Value. In addition the foregoing the Manager shall take all necessary differences into account to determine the Net Asset Value.

The Fund's investments in Investee Funds will be valued based on the reporting received from the administrators of those funds, unless considered inappropriate by the Manager. The value of investments in Investee Funds will generally be taken as the aggregate of the Fund's attributable share of the latest available net asset value of such Investee Funds, where it is the intention to base the Net Asset Value of a Class on the fair value of the financial assets and liabilities of the Fund. The Manager may, if it thinks fit, make adjustments as a result of the different bases of valuation applied by the Investee Funds, which will be reflected and explained in the accounts. The establishment costs will be capitalized and amortized over a 5-year period. For a corresponding amount, a legal reserve will be held. The Fund's other assets and liabilities will generally be valued at nominal value, unless a permanent impairment occurs.

The result of the Fund on its Investee Funds will generally be taken as the aggregate of the Fund's attributable share of the result of the Investee Funds. The Manager may, if it thinks fit, make adjustments as

a result of the different bases of determination of results applied by the Investee Funds, which will be reflected and explained in the accounts. The results made on the Fund's other assets and liabilities will generally be taken into account in the period to which they relate.

Where an up-to-date value of an Investee Fund is not available, or the valuation date does not coincide with that of the Fund, the Manager will use an estimated value.

It should be noted that in preparing the Net Asset Value and the reports of the Fund, the Manager depends on the fund managers of the Investee Funds and their administrators, both in respect of timing and the contents of the reports. Provisional valuations may sometimes have to be applied. The Net Asset Value calculations done by the Administrator, for the reasons noted above, are estimates according to its best judgment, which may not necessarily correspond with the actual Net Asset Value on the relevant date. However, the Fund does not make retroactive adjustments in the Net Asset Values previously used for subscriptions and redemptions. Therefore, such transactions are final and binding when made notwithstanding any different later determination. See also "Errors in the calculation of the Net Asset Value".

Investments other than in Investee Funds, will be valued against their market value. The market value will be determined by the published closing price of the relevant security on a securities market on the business day preceding on which the Net Asset Value is published. If the relevant securities are not listed, or a closing price of that security has not been published the day business day preceding on which the Net Asset Value is published, the value of relevant security will be estimated.

Fund Assets and Obligations which consist of bank balances, accrued but not distributed interests, dividend payments that have been made payable, but not yet have been distributed, activated costs and possible provisions, will be valued at their nominal value.

ASSESSMENT AND PUBLICATION OF THE NET ASSET VALUE

The Manager has delegated the calculation of the Net Asset Value to the Administrator. The Net Asset Value will be calculated as at the close of each Business Day. The Net Asset Value of a Participation will be calculated in accordance with the terms as included in this Prospectus. The Net Asset Value is published on the Website.

ERRORS IN THE CALCULATION OF THE NET ASSET VALUE

If an error occurs in the calculation of the Net Asset Value and transactions take place based on this inaccurate Net Asset Value, the Manager will investigate the matter in consultation with the Administrator and recommend if and by whom compensation should be paid. However, the Fund does not make retroactive adjustments in Net Asset Values previously used for subscriptions and redemptions. Therefore, such transactions are final and binding when made, notwithstanding any different later determination. See also *Valuation Risk*.

MARKET INFORMATION

EURONEXT AMSTERDAM

The Class A Participations currently outstanding are listed and admitted for trading on Euronext Amsterdam and the Fund has applied for listing and admission for trading for the Participations being the subject of this Prospectus. The Fund will apply for the admission and listing to trading of Participations of other Classes as soon as such classes have been issued. The Fund is subject to Dutch securities regulations and supervision by the AFM.

MARKET REGULATION

The AFM serves as market regulator in The Netherlands for the supervision of market conduct. The AFM has supervisory powers with respect to the publication of information by listed companies and to the application of takeover regulation and with respect of the publication of inside information by listed companies. It also supervises financial intermediaries, such as credit institutions, investment firms, securities intermediaries and brokers and investment advisors. Moreover, the AFM is the competent authority for approving all prospectuses published for admission of securities to trading on Euronext Amsterdam, except for prospectuses approved in other member states of the European Economic Area that have implemented the Prospectus Directive that are used in The Netherlands in accordance with applicable passporting rules. The surveillance units of Euronext Amsterdam and the AFM monitor and supervise all trading operations.

LISTING AND TRADING

The Class A Participations are traded on Euronext Amsterdam under the symbol THXLE. Trading of the Participations is in the trading segment (*handelsgroep*) 'K4' of Euronext Amsterdam, a specific trading segment for investment funds which such trading specifications as stipulated by NYSE Euronext from time to time.

The international securities identification number (ISIN) for the Class A Participations is NL0009692839.

As described in the section 'Offer & Subscriptions' on page 33, the Offer concerns the offer of a maximum of 1,000,000 Class A Participations on a continuous basis during the validity of this Prospectus. The Manager reserves the right to issue additional Class A Participations or Participations of another Class, in which case a new prospectus will be made available. The Class A Participations first commenced trading on March 1, 2011.

SNS Securities acts as listing agent of the Fund and SNS Securities and IMC both act as liquidity provider of the Fund. No representation or warranties, express or implied, is made or given by or on behalf of SNS Securities or IMC or any of their affiliates as to the accuracy, completeness or fairness of any information contained in this Prospectus and nothing contained in this Prospectus is, or shall be relied upon as, promise or representation by SNS Securities, IMC or any of their affiliates as to the past or future. Each of SNS Securities and IMC do not accept any responsibility whatsoever for the contents of this Prospectus nor for any other statements made or purported to be made by any of them or on their behalf in connection with the Manager, the Fund or the Participations. Neither SNS Securities or IMC, nor any of their affiliates, has performed a due diligence investigation concerning the Manager, Theta Capital, the Fund or this Prospectus. Both SNS Securities and IMC accordingly disclaim all and any liability whether arising in tort or contract or otherwise in respect of this Prospectus or any statement herein.

PAYMENT, DELIVERY AND SETTLEMENT

Payment for and delivery of book-entry interests in the Class A Participations is to be made through the book-entry facilities of Euroclear Nederland in accordance with their normal settlement procedures and against payment in immediately available funds. The Principal Paying Agent will also act as agent of the Fund ('ENL-Agent') in relation to Euroclear Nederland matters. The Netherlands Securities Giro Act (*Wet giraal effectenverkeer*) applies to the settlement through Euroclear Nederland. All Participations will be held in registered form in the name of Euroclear Nederland, Herengracht 459-469, 1017 BS Amsterdam, The Netherlands.

REGISTRATION

The Manager shall maintain books for the registration of original issuance and the registration of transfer of the Participations. Upon the initial issuance of the Participations the Manager shall register the Participations in the name of the respective holders thereof.

All Participations will initially be registered in the name of Euroclear Nederland. Rights in respect of the Participations take the form of co-ownership rights (*aandelen*) in the collective depot (*verzameldepot*) as referred to in the Netherlands Securities Giro Act (*Wet giraal effectenverkeer*) which co-ownership rights will be credited to the account of the holder of such rights with the designated intermediary (*intermediair*). Delivery (*uitlevering*) of the amount of Participations related to the amount of co-ownership rights of the holder is not possible other than in the limited circumstances as provided in the Netherlands Securities Giro Act.

DISTRIBUTIONS BY THE FUND

Distributions of profits, repayment of (part of the) subscription price, redemption payments and all other payments on or in respect of the Participations in cash, cash equivalents or securities, will be effected through Euroclear Nederland and/or the Principal Paying Agent. Payments in cash will be in the respective currency of the Class.

TAXATION

TAXATION GENERAL

Prospective Participants are urged to consult their own professional advisers regarding the possible tax and legal consequences of acquiring, holding or disposing of Participations under the laws of the jurisdictions of which they are citizens, residents or domiciliaries and in which they conduct business. The Fund has been structured so as to reduce as much as possible the additional tax cost compared to a direct investment by the Participants in the Investee Funds (which generally are not directly accessible to the Participants).

TAXATION OF THE FUND

The Fund qualifies as an open mutual fund for tax purposes. The Fund has obtained the so-called Exempted Fiscal Investment Institution status (*Vrijgestelde beleggingsinstelling* (VBI)). Although the Fund qualifies as a non-transparent entity for Dutch tax purposes, the Fund will not be subject to Dutch corporate income tax. Moreover, the Fund will:

- be exempted from Dutch dividend withholding tax upon dividend distributions it makes;
- not be obliged to distribute its annual profits to shareholders;
- not be entitled to tax treaty protection/benefits;
- not be entitled to a refund of withholding taxes on incoming dividends and interest;
- not be allowed to invest in real estate and mortgage loans.

TAXATION OF PARTICIPANTS

Dutch resident private individual Participants will generally be taxed annually on a notional income of 4% of their net investment assets, including any Participations in the Fund, at a rate of 30%, regardless of whether any dividends are received or any capital gains are realized with respect to the Participations.

For Dutch resident institutional Participants that are subject to corporate income tax, both income and capital gains/losses, as determined by Dutch fiscal law, relating to the Fund are taxed/ deductible at the regular corporate income tax rate.

Non-Dutch resident Participants who derive income from Participations or who realize a gain on the disposal or redemption of Participations will not be subject to Dutch taxation on income or capital gains unless such income or gain is attributable to an enterprise or part thereof which is carried on by the Participant(s) through a permanent establishment or permanent representative in The Netherlands.

To the extent the Fund invests in Dutch resident entities, Dutch dividend withholding tax may be due upon dividends distributed by these entities to the Fund.

AVAILABILITY OF DOCUMENTS AND PARTIES INVOLVED

AVAILABILITY OF DOCUMENTS

For so long as the Participations are listed for trading on Euronext Amsterdam, the following documents (or copies thereof), where applicable, may be obtained free of charge on the Website:

- periodical reports of the Fund;
- the articles of association of the Manager; and
- the prevailing Conditions.

INCORPORATION BY REFERENCE

The Conditions shall be deemed to be incorporated in, and form part of, this Prospectus. The Conditions may be obtained free of charge on the Website.

PARTIES INVOLVED

Fund manager

Theta Fund Management B.V.
Johannes Vermeerstraat 9
1071 DK Amsterdam
The Netherlands

Custodian

TMF Bewaar B.V.
Herikerbergweg 238
1101 CM Amsterdam Zuidoost
The Netherlands

Custody Bank

ABN AMRO Bank N.V.
Prins Bernhardplein 200
1097 JB Amsterdam
The Netherlands

Listing Agent

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

ENL-Agent and Principal Paying Agent

ABN AMRO Bank N.V.
Gustav Mahlerlaan 10
1081 PP Amsterdam
The Netherlands

Liquidity Providers

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

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

Administrator

TMF Fund Administrators B.V.
Westblaak 89
3012 KG Rotterdam
The Netherlands
Tel.: 00 31 (0)10 271 1370 Fax: 00 31 10 271 1390
E-mail: SSG@TMF-Group.com

Legal and Tax Counsel

Greenberg Traurig, LLP
Strawinskylaan 3127
1077 ZX Amsterdam
The Netherlands

Auditor

Ernst & Young Accountants, LLP
Wassenaarseweg 80
2596 CZ The Hague
The Netherlands

DEFINITIONS

“Administrator”	TMF Fund Administrators B.V. or such entity as may be appointed as administrator of the Fund by the Manager, from time to time;
“AFM”	the Netherlands Authority for the Financial Markets (<i>Autoriteit Financiële Markten</i>);
“Annex”	an annex to this Prospectus;
“Business Day”	a day on which banks are generally open for business in Amsterdam;
“Class”	means a separate class of Participations each having equal rights and obligations, unless explicitly provided otherwise in the Conditions and/or the Prospectus, and the same assets and liabilities, except for currency hedges, but may differ in currency of denomination;
“Class A Participation”	a Participation denominated in euros and with the rights and obligations as mentioned in this Prospectus;
“Conditions”	the terms and conditions of participation, management and custody of the Fund as amended from time to time;
“Custodian”	TMF Bewaar B.V., the custodian of the Fund, or such other custodian of the Fund Estate as may be appointed in accordance with the Conditions, from time to time;
“Euroclear Nederland”	Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.;
“Euronext Amsterdam”	NYSE Euronext in Amsterdam, the regulated market of Euronext Amsterdam N.V.;
“Fund”	the contractual arrangements between the Participants, the Manager and the Custodian in relation to the participation in and the management, custody and administration of the Fund as governed by the Conditions and the application form, also referred to as the Theta Legends XL Fund;
“Fund Assets”	the Fund Means and the Fund Investments;
“Fund Estate”	the totality of the Fund Assets and the Fund Obligations to be allocated to Classes as the case may be;
“Fund Investments”	all securities and/or other assets (<i>goederen</i>) other than Fund Means that are acquired and held by the Custodian in its own name on behalf and for the account of the Participants in connection with the Fund;
“Manager”	Theta Fund Management B.V., or an affiliate thereof or such other investment manager, as may be appointed by the Participants from time to time, in accordance with the Conditions;

“Fund Means”	all cash in any currency held in interest bearing call accounts or bank deposits, money market instruments in any currency which are regularly negotiated and which have a residual maturity of twelve (12) months or less;
“Fund Obligations”	the liabilities which the Custodian (or the Manager, whether or not on behalf of the Custodian) assumes and/or incurs in its own name on behalf and for the account of the Participants in connection with the Fund;
“Incentive Fee”	the incentive fee payable to the Manager;
“Investee Fund”	a company, partnership, common contractual fund or other pooled investment vehicle in, or a segregated portfolio of assets placed with a portfolio manager for discretionary management by such portfolio manager on behalf of the Fund, through which the Fund has made an investment;
“Investment Objectives”	the investment objectives of the Fund and the restrictions imposed on the Manager referred to in the Prospectus, as amended from time to time;
“Management Fee”	the management fee payable to the Manager;
“Net Asset Value”	the net asset value of a Participation, Class or the Fund as determined in accordance with the Conditions, calculated to two (2) decimal places;
“Offer”	the offer of 1,000,000 Class A Participations to the public, as described in this Prospectus;
“Ordinary Resolution”	a resolution (a) in writing (which may consist of one or more documents in like form each signed by one or more Participants) signed by Participants whose Participations represent in excess of fifty per cent. (50%) of the total Participations or (b) passes at a meeting of Participants by participants whose Participations represent in excess of fifty per cent. (50%) of the total Participations present at such meeting;
“Participants”	holders of a Participation including a holders of co-ownership rights in respect of the Participations in a collective depot (<i>verzameldepot</i>) as referred to in the Netherlands Giro Securities Transactions Act (<i>Wet giraal effectenverkeer</i>);
“Participations”	the units in which the rights of the Participants to the Fund Estate have been divided, each Participation representing an equal interest in the Fund Estate without priority of preference one over the other;
“Principal Paying Agent”	the principal paying agent of the Fund, which also acts as ENL-agent, as appointed by the Manager;
“Prospectus”	this prospectus of the Fund as referred to in Article 5:2 Wft;
“Redemption Day”	the last Business Day of each calendar month;

“Special Resolution”

a resolution (a) in writing (which may consist of one or more documents in like form each signed by one or more Participants) signed by Participants whose Participations represent seventy-five per cent. (75%) or more of the total Participations or (b) passed at a meeting of Participants by Participants whose Participations represent seventy-five per cent. (75%) or more of the Participations present at such meeting;

“Theta Capital”

Theta Capital Management B.V.;

“Website”

the website of the Manager, www.thetacapital.com; and

“Wft”

the Netherlands Act on the Financial Supervision (*Wet op het financieel toezicht*).

ANNEX I
AUDITED FINANCIAL REPORT

Theta Legends XL Fund

The Netherlands

ANNUAL REPORT

**for the period from 01 March 2011 (date of commencement)
to 31 December 2011**

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General Information

Fund Manager	Theta Fund Management B.V. Johannes Vermeerstraat 9 1071 DK Amsterdam The Netherlands
Administrator	TMF FundAdministrators B.V. Westblaak 89 P.O. Box 25121 3001 HC Rotterdam The Netherlands
Independent auditor	Ernst & Young Accountants LLP Wassenaarseweg 80 2596 CZ The Hague The Netherlands
Legal and tax counsel	Greenberg Traurig, LLP Strawinskylaan 3127 1077 ZX Amsterdam The Netherlands
Custodian	TMF Bewaar B.V. Locatellikade 1 1076 AZ Amsterdam The Netherlands
Custody bank	ABN AMRO Bank N.V. Prins Bernhardplein 200 1097 JB Amsterdam The Netherlands
Listing agent	SNS Securities N.V. Nieuwezijds Voorburgwal 162 1012 SJ Amsterdam The Netherlands
Liquidity providers	SNS Securities N.V. Nieuwezijds Voorburgwal 162 1012 SJ Amsterdam The Netherlands

General Information

Liquidity providers

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

ENL-agent and principal paying agent

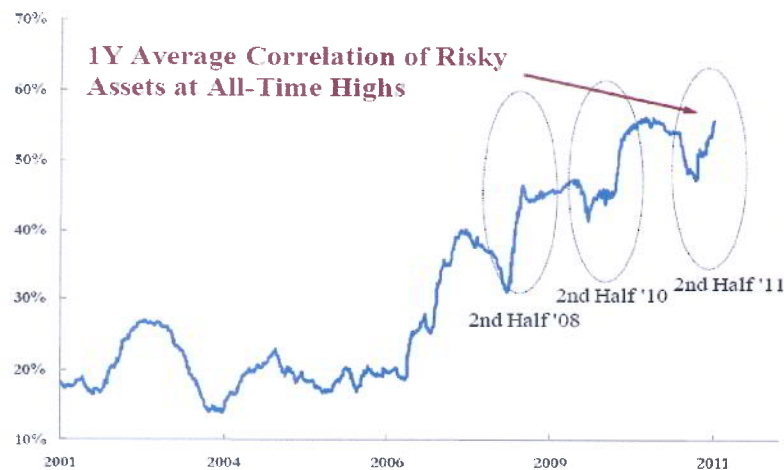
ABN AMRO Bank N.V.
Gustav Mahlerlaan 10
1081 PP Amsterdam
The Netherlands

Report of the Fund Manager

The Theta Legends XL fund declined by 17% in its first (partial) year. Except for our discretionary global macro funds (one of which was added in April of 2011), all underlying funds contributed to the losses during the year.

The year proved to be a very difficult one for most active managers. There was a lot of volatility in the market which was largely driven by unpredictable political and monetary decision making processes both in the US with the discussions around the federal debt ceiling and, increasingly so during the year, in Europe and the possibility of a possible contagion if Greece were to default on its debts. Markets as a result switched frequently and sharply between periods of risk-on and periods of risk-off. Correlations between and within asset classes were at historic heights reflecting the emotional and non-fundamental nature of market participant behavior. It was only at the very end of the year that the European Central Bank through their LTRO program managed to calm the markets.

Correlations at all time highs



Source: JP Morgan Equity Derivatives Strategy. *Risky Assets* include: equities, fixed income, commodities and currencies.

Most of our managers have a value bias to their strategy and this clearly was not the right bias in 2011. The moves in the markets proved too violent to stick to a disciplined value approach and we saw several managers getting whipsawed as they bought on dips only to find out things could go lower still and then were forced out of trades when in hindsight the bottom had been reached. It is telling that several of the managers in the Theta Legends XL fund experienced their worst performance since their inception. All these managers have been managing their funds for at least 15 years which gives an idea as to how difficult it was in 2011 to generate attractive returns. As one of many examples of how difficult the year was, King Street Capital recorded its first-ever calendar year loss (albeit less than 2%) since the launch of the fund in 1995.

By far the largest detractor for the year was the Paulson Advantage Plus fund. Around half of the negative performance of Theta Legends XL in 2011 can be attributed to our allocation to Paulson Advantage Plus. We reduced our holding in the fund by 1/3rd per June 30th and further reduced our holding in the second half of the year. The position has by now been fully switched into the Paulson Credit Opportunity fund for which our conviction level is much higher. The Paulson Advantage Plus fund was too aggressively positioned for a recovery in the US economy and suffered as the debates on the US debt ceiling and the ongoing European peripheral crisis spooked markets. We were unhappy with the way the fund was managed throughout this period of upheaval and felt the losses were considerably more than they should have been given the experience and skills of Mr. Paulson. If anything, this episode has thought us to be even more aggressive when switching out of funds if we have doubts about the ability to manage the volatility.

Report of the Fund Manager

Besides the Paulson Advantage Fund, we were particularly displeased by the performance of the M. Kingdon Offshore fund. Given the relative conservative nature of this fund which typically runs a fairly low net exposure, a loss of nearly 20% and thus a negative attribution of close to 2% to Theta Legends XL was unexpected, even in a difficult environment such as 2011. The poor performance can be explained to a large extent by the loss of more than 9% during August when the fund was too aggressively positioned when markets started selling off. Furthermore, one of the reasons for selecting Kingdon was that they aggressively cut exposure when markets move against them and we were therefore negatively surprised to see such a large drawdown which came to a large extent from their high net exposure to the financial sector. Finally, when questions about the succession of the founder Marc Kingdon arose, we decided to redeem the holding and to look for another long/ short equity fund. We have identified one particular candidate which we are likely to add to the fund and which we will disclose once this fund has indeed been added.

Also Equinox Fund International and Transtrend suffered large drawdowns and lost around 2% each at portfolio level. However, these were more in line with the characteristics of those funds given the market environment and we believe these managers are well positioned to retrieve their losses in 2012 and we have seen some evidence of this already in the first months of 2012.

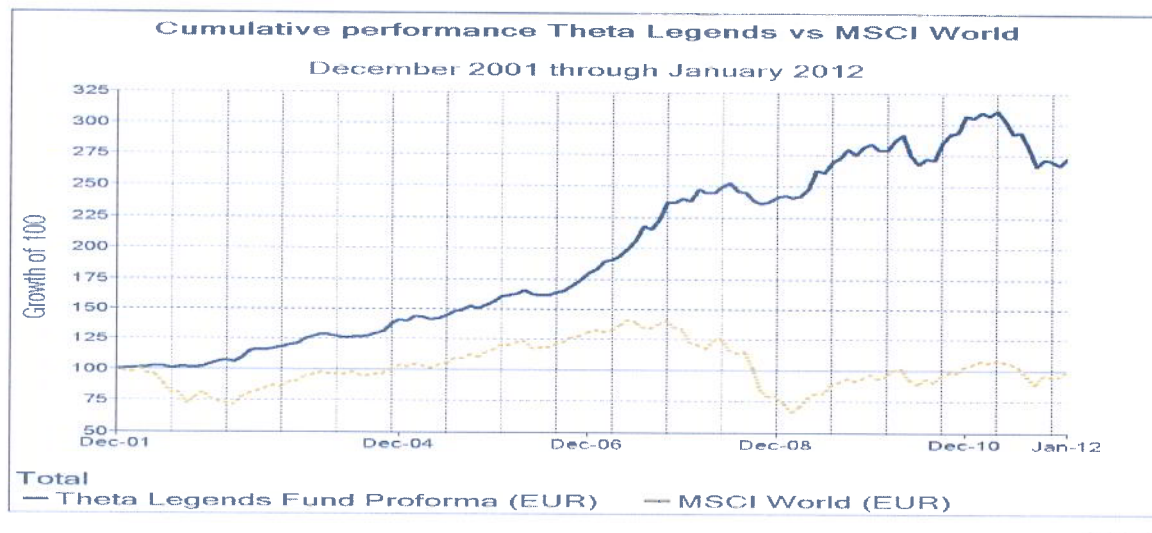
In order to increase the diversification of the Theta Legends XL fund we added the Brevan Howard fund. Since its addition to the portfolio in April, that fund returned 10% and its listed counterpart even around 20%, thus contributing just over 1% at portfolio level combined. Around one-third of our position in Brevan Howard is held through the listed vehicle. The fund generated a strong return in 2011, primarily driven by the positions in interest rates.

While our actions during the year helped to avoid larger losses (adding Brevan Howard and reducing and finally redeeming Paulson Advantage Plus), we are not happy with the overall performance of the fund. We stayed within our risk guidelines, but the fact that we were hitting the limits of these guidelines several months in a row was a sobering experience.

To end on a positive note, we are confident that the Theta Legends XL fund is set for a solid period going forward. Although 2011 was very difficult, it has also created pockets of great opportunity in various parts of the financial markets. The managers in the portfolio are all in good shape and stand ready to capitalise on this and will use their extensive experience to profit from these. We have seen some stabilisation in the world's major financial markets in the first months of 2012 and this might well continue as the panic surrounding the European debt crisis seems to have been dampened by the unconventional but decisive actions of the European and US central banks. The vast experience of our managers and their ability to outperform the major markets (as can be seen from the graph below which plots the pro forma performance of our managers over the last 10 years) should hopefully lead to attractive returns going forward.

Report of the Fund Manager

Long term track record Theta Legends vs MSCI World



In December 2011 it was announced that Theta would concentrate on and augment its activities of managing individual, customised portfolios of hedge funds for large investors for which we see increasing demand. As a consequence, the Manager would no longer manage publicly-offered funds of funds. Current investors in the Theta Legends Fund (which contains the same underlying portfolio) were offered to remain invested through the Theta Legends XL Fund. The transfers from Theta Legends Fund are to be effected at the February 29, 2012 NAV and we are pleased to note that €27.3 million worth of Theta Legends Fund participants choose to switch to Theta Legends XL. It is contemplated that, subject to completing all necessary formalities and approvals of supervisors and participants, that Banque Privée Edmond de Rothschild (BPER) in Geneva will replace Theta as manager of the Theta Legends XL Fund around mid-2012.

Declaration regarding administrative organisation and internal control

Administrative organisation and internal controls are geared to the size of the organisation and meet the requirements of article 4:14:1 of the Dutch Financial Supervision Act [Wet op het financieel toezicht (Wft)]. Administrative organisation and internal control will not offer an absolute guarantee; rather they are designed to provide reasonable assurance of the effectiveness of internal control measures in relation to the risks of the activities of the Fund. The assessment of the effectiveness and good functioning of administrative organisation and internal control is the responsibility of the investment manager. During the reporting period, we assessed the various aspects of administrative organisation and internal control. In our assessment we noted nothing that would lead us to conclude that the description of the structural aspects of administrative organisation and internal control within the meaning of article 4:14.1 of the Dutch Financial Supervision Act failed to meet the requirements as specified in said decree and related regulations. Neither did we conclude that the internal control measures were ineffective or failed to function according to the description provided.

26 April 2012
The Fund Manager
Theta Fund Management B.V.

Investment objective, policy and processes

INVESTMENT OBJECTIVE

Theta Legend XL Fund (the “Fund”), aims to provide individuals and institutional investors with an investment vehicle which targets average returns of around 10% per annum in a one to five-year investment horizon. 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 Euro (“EUR”) 10 million and therefore are not easily accessible for private investors. It is expected that a Fund Manager of an investee fund will have a track record of at least 10 years.

Theta Legends XL 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. There is no restriction as to the type or concentration of investments that the Fund may acquire or retain. The Fund has a wide investment mandate, enabling it to take advantage of investment opportunities which Theta Fund Management B.V considers to offer the opportunity for significant potential returns. The investments of the Fund are not restricted to investee funds and may include other investments. However, the Fund will not invest directly in physical commodities.

The number of hedge funds in which the Fund participates shall depend upon the opportunities available and the size of the Fund. No single investment in a fund represents 20% or more of the book value of the Fund’s assets. A number of the Fund’s investments consist of vehicles managed by hedge fund managers already well-known to the Fund Manager in relation to its other investment vehicles. Diversification is achieved through the underlying securities, investment strategies and regions, rather than the number of hedge funds.

The Fund invests primarily in investee 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 funds established by hedge fund managers with strong and consistent track records.

The overall success of the Fund depends on (i) the ability of Theta Fund Management B.V 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 Theta XL Legends Fund.

- Equity hedge strategy;
- Event-driven strategy;
- Macro strategy;

Investment objective, policy and processes

INVESTMENT PROCESS AND RISK MANAGEMENT PROCESS

In its investment process, the Fund Manager takes a predominantly bottom-up approach reflecting its profound 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 endeavors to provide the Fund investors with capital appreciation and downside protection, at all times.

Manager Selection and Due Diligence

The objective of the Fund Manager's manager 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 judgment 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 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 true 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 Theta strives to select managers that are able to produce positive returns under 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 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.

Please refer to note 12 of the financial statements for further information on the risk management policy of the Fund.

Financial Statements

BALANCE SHEET

(As at 31 December 2011)

	<i>Note</i>	2011 EUR
Assets		
Investments		
Investment in investee funds		13,849,880
	3	<u>13,849,880</u>
Current assets		
Other receivables		18
Cash and cash equivalents	4	<u>3,419</u>
		<u>3,437</u>
Total assets		<u>13,853,317</u>
Investment liabilities		
Derivative financial liabilities		(203,992)
	3	<u>(203,992)</u>
Current liabilities		
Accrued expenses and other payables	5	<u>(85,936)</u>
		<u>(85,936)</u>
Total liabilities		<u>(289,928)</u>
Total assets minus total liabilities		<u>13,563,389</u>
Equity		
Contribution of participants		16,464,585
Unappropriated loss		(2,901,196)
Total equity	6	<u>13,563,389</u>

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

Financial Statements

INCOME STATEMENT

(For the period from 01 March 2011 to 31 December 2011)

	Note	2011 EUR
Investment income and expense		
<i>Direct investment result</i>		
Interest income	7	2,611
Other income		3,157
		<u>5,768</u>
<i>Indirect investment result</i>		
Realised losses on investments in investee funds		(159,722)
Realised losses on derivatives		(148,331)
Unrealised losses on investments in investee funds		(1,920,805)
Unrealised losses on derivatives		(203,992)
Foreign currency translation	8	7,700
		<u>(2,425,150)</u>
Total investment expense		<u>(2,419,382)</u>
Expenses		
Management fee		(157,719)
Incorporation costs		(148,833)
Other operational costs		(110,738)
Administration fee		(31,903)
Auditor's fee		(14,518)
Custody fee		(14,040)
Interest expense		(1,858)
Legal fee		(1,587)
Bank charges		(618)
Total expenses	9	<u>(481,814)</u>
Net loss		<u><u>(2,901,196)</u></u>

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

Financial Statements

STATEMENT OF CASH FLOWS (For the period ended 31 December 2011)

	<i>Note</i>	2011 EUR
Cash flows from operating activities		
Net payments from non-derivative financial assets at fair value through profit or loss		(15,930,407)
Net payments for derivative financial instruments		(148,331)
Interest received		2,593
Interest paid		(1,858)
Management fee paid		(114,022)
Administration fee paid		(18,321)
Custody fee paid		(13,564)
Legal fee paid		(1,587)
Incorporation costs paid		(148,833)
Redemption fee received		3,157
Bank charges paid		(618)
Other general expenses paid		(97,075)
Net cash flows used in operating activities		<u>(16,468,866)</u>
Cash flows from financing activities		
Proceeds from sales of participations		16,780,213
Payments on redemptions of participations		(315,628)
Net cash flows generated from financing activities		<u>16,464,585</u>
Net decrease in cash and cash equivalents		(4,281)
Cash and cash equivalents at beginning of period		-
Foreign currency translation of cash positions		7,700
Cash and cash equivalents at the end of the period	4	<u>3,419</u>
Total of cash and cash equivalents		<u>3,419</u>

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

Notes to the financial statements

1. GENERAL INFORMATION

Theta XL Legends Fund (the “Fund”) is structured as a common contractual fund, established on 21 February 2011. The Fund commenced operations in March 2011. The Fund had no employees during the period.

The Fund may issue participations in various classes, each denominated in different currencies and listed on different exchanges. As at 31 December 2011, the Fund only offers class participations, which are denominated in Euros. 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.

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

The investment objective of the Fund is to generate investment returns around 10% per annum in a one to five year horizon, with a modest correlation to equities and bonds. The Fund accomplishes this objective by investing in a diversified portfolio of hedge funds and other investment structures, which have an outstanding investment history and have proven adaptiveness to changing market environments through various economic cycles.

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

The financial statements have 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 have been authorised for issue by the Fund Manager on 26 April 2012.

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

Basis of preparation

The financial statements of the Fund have been prepared in accordance with reporting principles generally accepted in The Netherlands (“Dutch GAAP”) and the statutory provisions concerning annual accounts contained in Part 9, Book 2 of the Dutch Civil Code.

The financial statements 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.

These are the first year financial statements of the Fund which reflect the period from inception on 1 March 2011 to 31 December 2011 and therefore no comparative figures are included in the financial statements.

Below is a summary of the accounting policies of the Fund.

Functional currency

The financial statements are presented in Euro, which is the Fund’s functional currency.

Recognition and measurement

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

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

Notes to the financial statements

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

Foreign exchange

Transactions and balances

Transactions in foreign currencies are translated at the rates of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the reporting date at the exchange rate at that date. Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates from the date the fair value was determined.

Resulting exchange differences on the financial assets and financial liabilities at fair value through profit or loss in foreign currencies are recorded in the statement of comprehensive income. Realised and unrealised exchange differences on other assets and liabilities are also recorded in the statement of comprehensive income and disclosed within foreign currency translation

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 losses on investments in investee funds and derivatives' or 'unrealised losses on investments in investee funds and derivatives'.

The Fund's investments in investee funds are valued based on the reporting received from the administrators of those funds. As at the 31 December 2011, the value of investments in investee funds is the aggregate of the Fund's attributable share of the latest available (unaudited) NAV of the investee funds.

The profit or loss of the Fund on its investments in investee funds is the aggregate of the Fund's attributable share of the result of the hedge 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 hedge funds. As at 31 December 2011, no such adjustments were made.

Where an up-to-date value of an underlying investment is not available, or the valuation date does not coincide with that of the Fund, the Fund Manager will use an estimated value.

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.

Notes to the financial statements

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

Cash and cash equivalents

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

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 investee 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.

Dividends from investee funds are included at the date when they are declared.

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

Tax position

The Dutch tax authorities have granted a ruling confirming that the Fund is tax transparent. This implies that the Fund is not subject to corporate income tax. Distributions made by the Fund (for example in case of redemption by a Participant) are not subject to dividend withholding tax.

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS

3. Investments

Movement in schedule of investments

(All amounts in EUR)

2011

Investment in investee funds

As at 1 March	-
Purchases	17,357,121
Sales	(1,426,714)
Realised	(159,722)
Unrealised	(1,920,805)
As at 31 December	13,849,880

Derivative financial liabilities

As at 1 March	-
Purchases	148,331
Realised	(148,331)
Unrealised	(203,992)
As at 31 December	(203,992)

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (*CONTINUED*)

3. Investments (*continued*)

Total investments

As at 1 March	-
Purchases	17,505,452
Sales	(1,426,714)
Realised	(308,053)
Unrealised	(2,124,797)
As at 31 December	13,645,888

The table below provides an analysis of the forward currency contracts at 31 December 2011:

(All amounts in EUR)

Expiration date	Contract currency	Bought	Contract currency	Sold	Contract rate	Current rate	Unrealised EUR
31/01/2012	EUR	1,908,506	USD	2,670,000	1.39900	1.29614	(151,450)
29/02/2012	EUR	1,296,754	USD	1,730,000	1.33410	1.29651	(37,597)
30/03/2012	EUR	1,758,410	USD	2,300,000	1.30800	1.29698	(14,945)
Total unrealised loss on open forward contracts							(203,992)

4. Cash and cash equivalents

Cash and cash equivalents comprise of balances held with ABN AMRO Bank N.V amounting to EUR 3,419. As at 31 December 2011, no restrictions in the use of this balance exist.

As at 31 December 2011, the Fund maintained a line of credit with ABN AMRO Bank N.V. for a total maximum amount of EUR 5 million. The total credit facility drawdown may at no time exceed 20% of the securities 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 Bank N.V a commitment fee per annum of 10 basis point over the approved credit facility, payable quarterly in arrears.

ABN AMRO Bank N.V. has also 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 risks. The Fund may enter transactions in various currencies as agreed upon between the Fund and ABN AMRO Bank N.V. in a case by case basis. The maximum treasury product limit for foreign exchange contract is EUR 2.5 million and the maximum transaction limit is EUR 25 million.

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (*CONTINUED*)

5. Accrued expenses and other payables

Below is a breakdown of the accrued expenses and other payables as at 31 December 2011.

<i>(All amounts in EUR)</i>	2011
Management fee payable	(43,697)
Audit fee payable	(14,518)
Administration fee payable	(13,582)
Custodian fee payable	(12,396)
ABN commitment fee	(1,267)
Custody fee payable	(476)
Total	<u>(85,936)</u>

6. Share capital

Structure of the Fund's capital

The Theta Legends XL 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 2011, the Fund only offers class A participations, which are denominated in EUR.

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

Movement of equity during the period is as follows:

	Class A
<i>(All amounts in EUR)</i>	
<i>Contributions of participants</i>	
Balance at beginning of the period	-
Issue of participations	16,780,213
Redemption of participations	(315,628)
Total contributions at end of period	<u>16,464,585</u>
<i>Unappropriated loss</i>	
Balance at beginning of period	-
Net loss 2011	(2,901,196)
Total undistributed loss at end of period	<u>(2,901,196)</u>
Equity at end of period	<u>13,563,389</u>

Notes to the financial statements

NOTES FOR INDIVIDUAL BALANCE SHEET ITEMS (*CONTINUED*)

6. Share capital (*continued*)

Subscriptions and redemptions

The class A participations were issued at an initial subscription price of EUR 100 per participation and thereafter at the net asset value. Prospective participants will be informed about the actual subscription charge on the website of the Fund Manager (www.thetacapital.com).

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

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

The Fund is not obliged to redeem more than 10% of the total of the participations in issue in any class on a redemption day. Redemptions are subject to a redemption charge with a maximum of 3.0% of the NAV at the redemption day, which is due and payable to the Fund.

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

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

The movement of the class A participations during the period 2011 is as follows:

	Participations at beginning of period	Participations issued	Participations redeemed	Participations at end of period
Class A	-	167,866	(3,479)	164,387
Total	-	167, 866	(3,479)	164,387

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 another currency that the EUR will have voting power in a meeting of participants depending on the relevant exchange rate against the EUR on the most recent business day prior to the day on which the votes are cast.

Capital management

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

Notes to the financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS

7. Interest income

Interest income relates to the interest on bank deposits.

8. Foreign currency translation

Realised and unrealised exchange differences consist of realised and unrealised translation gains/(losses) on assets and liabilities other than financial assets and liabilities. For the period ended 31 December 2011, this amounted to gains of EUR 7,700. The following average and closing rates have been applied in the preparation of these financial statements (the equivalent of one euro is shown):

	2011	
	Average	Closing
United States Dollar	1.3926	1.2959

9. Costs

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

(All amounts in EUR)

	2011
Expenses accruing to Fund Manager	
Management fee	(157,719)
Incentive fee	-
Other expenses	
Incorporation costs	(148,833)
Listing fee	(45,000)
Other general expenses	(24,534)
Administration fee	(31,903)
Liquidity provider fee	(20,833)
Audit fee	(14,518)
Custody fee	(14,040)
Custodian fee	(12,396)
Transfer agency fee	(7,975)
Interest expense	(1,858)
Legal fees	(1,587)
Bank charges	(618)
Total	(481,814)

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 period ended 2011, there were no material differences between costs actually charged to the Fund and the costs disclosed in the Prospectus. During the period, the Fund also incurred costs such as custodian fees of EUR 14,040, legal fees of EUR 1,587, bank charges of EUR 618 and other general expenses of EUR 110,738 which are not detailed in the Prospectus.

Notes to the financial statements

NOTES FOR INDIVIDUAL INCOME STATEMENT ITEMS (*CONTINUED*)

9. Costs (*continued*)

Total Expense ratio ("TER")

For the period ended 31 December 2011, the TER for the Fund is as follows:

	2011
Expense ratio* excluding incentive fee	2.4%
Expense ratio* including incentive fee	2.4%
<i>*Please note the expense ratio is based on the NAV as calculated in accordance with the Prospectus. Please refer to note 14 for further details. Also, please note the TER is not annualised.</i>	

The expense ratio is calculated by dividing the expenses, excluding interest charges, by the average NAV during the period. Expenses that are incurred when participants subscribe or redeem are excluded, provided they are included in the subscription and redemption charges. The average NAV is calculated on the basis of the NAV of the Fund as at the end of each calendar quarter.

Synthetic Total Expense Ratio ("STER")

The Synthetic Total Expense Ratio ("STER") is calculated like the TER except that into total costs also is included an estimate of the average costs (including management and incentive fees) of the hedge funds in the portfolios. This estimate is inevitably inaccurate as the underlying hedge funds do not report expense ratios and detailed information regarding cost levels is not available at the end of April 2012. The STER represents 4.5%.

Turnover factor

For the period ended 2011, the turnover factor for the Fund is 11.4%. The turnover factor is calculated by adding total purchases and sales, subtracting total subscriptions plus total redemptions and dividing the total by the average NAV.

10. 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 1.25% 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 period are disclosed on the face of 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 total return exceeds the benchmark return. Total return is the increase of the NAV of a class as at the end of the financial year/period compared to the NAV at the beginning of the financial year/period. It is calculated after deduction of all expenses and liabilities allocated to a class and before deduction of the incentive fee. Benchmark return is the increase in the financial year/period of the NAV of the class calculated on a basis of a rate of 3 months Euribor plus 2% per annum. Up to 90% of the estimated incentive fee payable amount is payable one month after year end. The balance is payable 14 days after the completion of the accounts for the financials year or period. No incentive fees are charged for the period

Notes to the financial statements

10. RELEVANT CONTRACTS (*CONTINUED*)

Administrator

The Fund has entered into an administration agreement with TMF FundAdministrators B.V., (the “administrator”). There is a fee payable to the administrator 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, 0.08% on the NAV above EUR 200 million. There is a minimum fee of EUR 15,000 for the six months and after that a minimum fee of EUR 40,000 per year. All fees are excluding VAT.

Custody services

The current annual fee charged by the ABN AMRO Bank N.V, (the “Custodian”) 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 LLP Accountants as the Independent Auditor. The Independent Auditor’s remuneration consists of EUR 14,518 audit (excluding VAT) fee for the audit of the financial statements. The Independent Auditor does not provide any non-audit services or other audit services to the Fund.

11. 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 period.

2011 transactions and balances as at 31 December 2011

	Paid	Balance
	EUR	EUR
Management fee	114,022	43,697
Incentive fee	-	-

One of the Directors of the Fund holds 100 shares in the Fund.

12. FINANCIAL INVESTMENTS AND ASSOCIATED RISKS

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

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument fluctuates as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Market risk comprises market price risk, currency risk and interest rate risk. The Fund’s exposure to market risk relates to the Fund’s investments in investee funds. The Fund’s market risk is managed through diversification of the investments in investee funds. For further explanation of the investment objectives, policies and processes, refer to the section outlining the investment objective, policies and processes.

Notes to the financial statements

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

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 are 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 2011, 61.9% of the investments in investee funds and derivatives are denominated in EUR and 38.1% are denominated in USD.

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 4.9 million and a credit risk exposure towards the counterparty at 31 December 2011 of EUR Nil.

The currency exposure of the Fund at 31 December 2011 is as follows:

	Net Position	Notional Amount Derivatives	Currency exposure
Currency			
United States Dollar	5,204,314	(4,963,670)	240,644

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

Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. It arises from derivative financial assets, cash and cash equivalents, and other receivables. The carrying values of financial assets (excluding any investments in equity instruments) best represent the maximum credit risk exposure at the reporting date.

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 monthly creation and cancellation of participations and it is therefore exposed to liquidity risk of meeting participants 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 sub-fund in issue on any dealing day.

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

Notes to the financial statements

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

Liquidity risk (*continued*)

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.

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.

As at 31 December 2011, 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.

13. 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 period.

Notes to the financial statements

14. NET ASSET VALUE AS ISSUED

The following schedule shows the reconciliation between the NAV as determined in accordance with Dutch Accounting Standard 210 ("Dutch GAAP") and the NAV as determined in accordance with the Prospectus. The Prospectus states that incorporation costs should be amortised over 5 years. Dutch GAAP states that incorporation costs should be expensed immediately. To determine the NAV in accordance with the Prospectus the following schedule is presented;

	2011 EUR
Net assets attributable to holders of participations in accordance with Dutch GAAP	13,563,389
Adjustments	
Unamortised incorporation costs	123,982
Adjusted net assets to holders of participations in accordance with the Prospectus	<u>13,687,371</u>
Number of participations	164,387
NAV per participation	<u>83.26</u>

15. SCHEDULE OF INVESTMENTS BY INVESTMENT STRATEGY

	2011 EUR	% of NAV
Strategy		
Discretionary Thematic	3,869,557	28.5
Fixed Income Corporate	2,717,420	20.1
Fundamental Value	4,666,186	34.4
Special Situations	938,686	6.9
Systematic Diversified	1,658,031	12.2
	<u>13,849,880</u>	<u>102.1</u>

16. PROVISION OF INFORMATION

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

17. DATE OF AUTHORISATION

The financial statements have been authorised for issue by the Fund Manager in Amsterdam on 26 April 2012.

Notes to the financial statements

Investment portfolio as at 31 December 2011

Assets	Currency	Fair value EUR	% of NAV
Investment funds			
Bay Resource Partners Offshore Fund.	USD	1,333,047	9.8
BH Macro Ltd.	EUR	426,676	3.1
Brevan Howard Fund Ltd.	EUR	1,294,678	9.5
Equinox Fund International	USD	1,042,246	7.7
King Street Capital Ltd.	USD	2,717,420	20.0
M. Kingdom Offshore Ltd.	EUR	1,109,477	8.2
Moore Global Investments Ltd.	EUR	2,148,203	15.9
Paulson Adv. Plus Ltd.	EUR	938,686	6.9
The Egerton European Equities Fund Ltd.	EUR	1,181,416	8.7
Transtrend Fund Alliance-Omnitrend Plus	EUR	1,658,031	12.3
		13,849,880	102.1

Other information

Provisions of the Offering Memorandum 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 2011, one of the Directors of the Fund holds 100 shares in the Fund.

Events after the balance sheet date

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

Other information

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

Independent auditor's report

Report on the financial statements

We have audited the financial statements 2011 of the Theta Legends XL Fund, Amsterdam, which comprise the balance sheet as at 31 December 2011, the income statement for the period 01 March to 31 December 2011 and the statement of cash flows for the period 01 March to 31 December 2011 and the notes, comprising a summary of the significant accounting policies and other explanatory information.

Management's responsibility

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

Auditor's responsibility

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

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

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of the Theta Legends XL Fund as at 31 December 2011, and of its result and its cash flows for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code and the Financial Supervision Act.

Report on other legal and regulatory requirements

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

The Hague, 26 April 2012
Ernst & Young Accountants LLP
signed by R.J. Bleijs