

Theta Multistar Medium Volatility

Monthly Commentary

October 2008

The Theta Multistar Medium Volatility Fund lost 9.7% in October, bringing the YTD return to -22.6%. In reference the HFRI Fund of Funds Index lost 6.7% (-17.4% YTD), the MSCI World lost 17.9% (-37.4% YTD) and the JP Morgan Government Bond Index gained 9.3% (16.1% YTD). All figures are presented hedged into Euros.

October was a bad month for the Medium Volatility Fund as one of the hedge funds got hit by the extreme sell off in emerging market debt. This position accounts for about half the loss in October. This manager had run a (modest) net short exposure to emerging market credit and we were particularly attracted to the fund because of these shorting skills. However, during September the manager felt markets had become oversold and moved his portfolio to a small net long position whilst using a modest amount of leverage. During the first two weeks of October, this worked against him as spreads on sovereign Argentinean and Russian debt in particular widened dramatically.

Subsequently, one of the fund's prime brokers took the drastic action of withdrawing the credit lines overnight and started selling the fund's assets in a completely illiquid market to cover its obligations. While at this moment the exact amount of the loss is not clear, we have aggressively marked down our investment to reflect the situation. Clearly, these developments took us by surprise and we are disappointed with this outcome, especially since the fund was run by a large institutional organization.

It is even more disappointing because our portfolios were holding up well in extreme market conditions.

Several funds actually generated a good return for the month. The largest positive contributor was one of our global macro managers who benefited from the protection the fund had bought on European government debt from Spain, Italy, Greece and Portugal. This trade reflects the view that it will become more expensive for those countries within the Euro zone with weak balance sheets to refinance their debt at previous low levels. Although in recent years Asian countries were willing to buy the low-yielding European government paper to invest their growing surpluses, this situation has changed dramatically and investors' appetite to finance countries with a weak balance sheet has diminished considerably. Furthermore, this fund made sizeable gains on its short financials exposure which it has had for months.

Another positive contributor during the month was one of our global long/short managers which benefited from his net short position which he has had since October 2007. The manager has started to reduce his short position after the vicious sell-off in September and October. He feels that the significantly improved credit conditions overall could fuel a rally but he remains bearish in the medium term as the improvement in credit conditions, the fall in the oil price and the cost cutting by corporates is (more than) offset by the fall in overall demand.

Performance*	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008	-1.77%	-1.30%	-3.74%	-0.60%	1.30%	1.59%	-3.56%	-2.31%	-4.63%	-9.74%			-22.57%
2007	0.85%	2.21%	1.30%	0.41%	1.94%	2.32%	2.90%	-2.99%	-0.51%	3.03%	-2.80%	0.15%	8.93%
2006	4.42%	0.72%	0.86%	2.03%	-2.14%	-0.66%	-0.28%	0.86%	-0.95%	0.94%	1.20%	2.33%	9.58%
2005	1.63%	3.24%	-0.88%	-1.72%	0.64%	0.90%	2.38%	1.71%	2.96%	-2.59%	1.28%	1.80%	11.76%
2004	1.45%	1.46%	-0.40%	-1.57%	-1.32%	0.19%	-0.46%	-0.32%	1.27%	1.11%	3.29%	2.01%	6.80%
2003	0.96%	0.18%	-0.63%	1.35%	2.11%	0.75%	0.69%	1.17%	1.05%	1.90%	0.56%	2.02%	12.77%

Return table*	Theta Multistar Medium Volatility	HFRI Fund of Funds	MSCI World	JP Morgan Government Bonds
Net Asset Value as of November 2008	€ 1,087.59			
YTD	-22.57%	-17.38%	-37.38%	16.11%
2007	8.93%	9.07%	2.32%	-0.06%
2006	9.58%	8.08%	12.22%	-5.24%
2005	11.76%	6.12%	12.89%	7.71%
2004	6.80%	7.44%	9.62%	2.17%
2003	12.77%	12.86%	23.46%	-4.73%
Annualized Compounded Return	4.38%	3.74%	-2.59%	2.30%
Sharpe Ratio	0.21	0.14	-0.31	-
% Positive Months	67.07%	69.51%	57.32%	48.78%
Correlation (Theta Multistar with ...)	1.00	0.88	0.57	-0.55
Beta (Theta Multistar with ...)	1.00	1.10	0.28	-0.64
Alpha (Theta Multistar over ...)		0.63%		

Risk table*	Theta Multistar Medium Volatility	HFRI Fund of Funds	MSCI World	JP Morgan Government Bonds
Annualized standard deviation (%)	7.16%	5.73%	14.69%	6.05%
Maximum Drawdown (%)	-25.05%	-18.30%	-40.69%	-8.47%
Average Gain Positive Months (%)	1.48%	1.14%	2.51%	1.50%
Average Loss Negative Months (%)	-1.89%	-1.56%	-3.77%	-1.04%

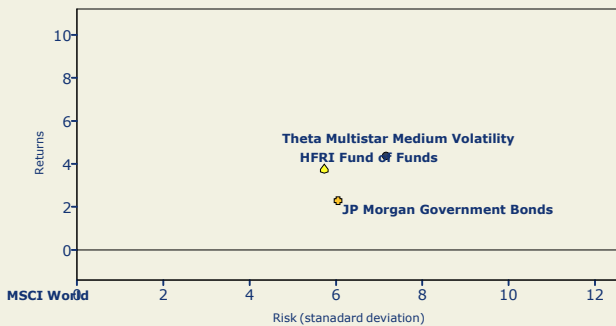
* From January 2003 to January 2004 performance of medium volatility Theta client portfolios; thereafter Theta Multistar Medium Volatility Fund. All figures are net of all fees. All indices hedged to EUR. Past results are not necessarily a guide to future performance. For this product, a "Financiële Bijsluiter" has been prepared, which is available upon request. Theta Multistar Fund is regulated by Autoriteit Financiële Markten.

Theta Multistar Medium Volatility

Portfolio Analysis

October 2008

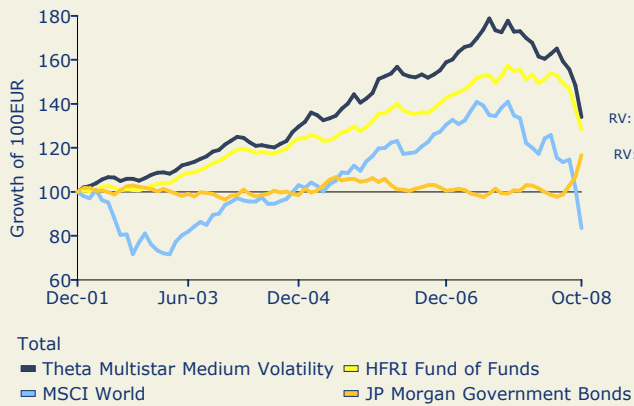
Risk/ reward profile: Jan 2002 to Oct 2008



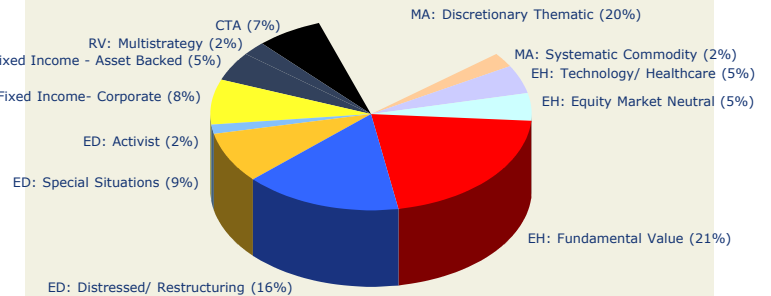
Information

Subscription	Monthly
Redemption	Monthly
Redemption Notice	40 days notice
Management Fee	1.25%
Incentive Fee	10%
Hurdle Rate	Euribor (3m) + 2.0%
Lockup	No
High Water Mark	Yes
Custodian	KDTC Trust
Auditor	Ernst & Young
Reporting Frequency	Monthly
Currency	Euro
Inception	Jan-04
Bloomberg Ticker	THMDVOL NA

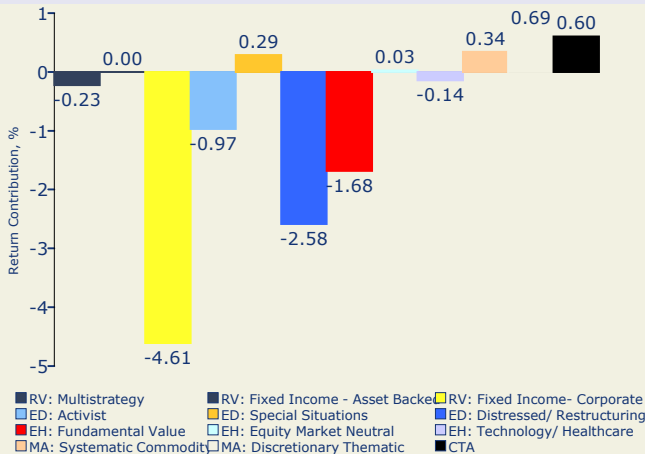
Cumulative return: Jan 2002 to Oct 2008



Strategy allocation Oct 2008



Attribution gross performance by strategy Oct 2008



Fund versus indices

	Jan-02 - Oct-08
Capture Ratio when MSCI up	43.29%
Average return when MSCI up	1.13%
Capture Ratio When MSCI down	19.03%
Average Return when MSCI down	-0.67%
Capture Ratio when JPM Bond Index up	-7.01%
Average Return when JPM Bond Index up	-0.11%
Capture Ratio when JPM Bond Index down	-80.84%
Average Return when JPM Bond Index down	0.80%
Capture Ratio when HFRI Index up	113.92%
Average Return when HFRI Index up	1.29%
Capture Ratio when HFRI Index down	110.70%
Average Return when HFRI Index down	-1.73%

The Capture Ratio calculates the portion of market performance that was captured by the Fund under up and down markets. A positive upmarket capture and a negative downmarket capture indicate absolute returns versus the benchmark.