

Theta Multistar Medium Volatility

Monthly Commentary

July 2008

The Theta Multistar Medium Volatility Fund lost 3.56% in July, bringing the YTD return to -7.93%. In reference the HFRI Fund of Funds Index lost 2.4% (-3.9% YTD), the MSCI World lost 1.8% (-15% YTD) and the JP Morgan Government Bond Index gained 1.1% (-1.7% YTD). All figures are presented hedged into Euros.

July 2008 was a bad month for hedge funds in a year that is already proving frustrating for a large number of experienced managers. Although there was no large single detractor, we did see negative performance across all underlying hedge funds, except three. So what happened? After the sharp decline in equities in June and the first 15 days of July, there was a sharp reversal, particularly in the financial sector. The S&P Financials 500 rallied 30% from the bottom on July 15 over the next 6 trading days. On balance, this sharp snap-back hurt our portfolio as our managers mostly share a bearish macro outlook for the US and Europe. We have added a manager per August 1 that specifically positions itself to profit from those 'crowded' trades that can hurt hedge funds as a group. This addition should control volatility within the portfolios, enabling us to stick with those funds that we believe can obtain outsized medium term returns, holding on to their clear macro views.

The biggest detractor for the month was one of our distressed managers. This manager runs large short positions on companies expected to go into bankruptcy in order to keep the net exposure of the portfolio low. These include a number of financial and house-building related companies which rallied sharply during the second half of the month. Furthermore, the long book has a number of energy-based post-reorganisation equities which got sold off as the entire energy complex was sold down. The second biggest detractor was one of our global macro managers who equally suffered from the mid-month rally in the main indices, the drop in oil prices and the rally in the US dollar. After this drop the manager is however still showing a year-to-date return of 47%.

The largest contributor was one of our global macro managers who benefited from his short Sterling position. This manager does not believe in the threat of inflation and a subsequent (relative) rise in UK rates. Far more, the problem will be the level of consumer debt which currently stands at around 100% of GDP, much of it added over the last 6 years. Tackling inflation will not be key in the UK as the days of the big financial and property sector bonuses are over. Rather, the problem will be restarting the lending process in a capital deficient bank-based system with no federal agencies.

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%						-7.93%
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%
2002	1.98%	0.67%	1.17%	1.74%	1.02%	-0.12%	-1.57%	0.95%	0.03%	-0.83%	1.15%	1.33%	7.71%

Return table*	Theta Multistar Medium Volatility	HFRI Fund of Funds	MSCI World	JP Morgan Government Bonds
Net Asset Value as of August 2008	€ 1,293.34			
YTD	-7.93%	-3.92%	-14.98%	-1.72%
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	7.33%	6.30%	1.94%	-0.18%
Sharpe Ratio	0.75	0.75	-0.02	-
% Positive Months	69.62%	72.15%	58.23%	46.84%
Correlation (Theta Multistar with ...)	1.00	0.82	0.36	-0.21
Beta (Theta Multistar with ...)	1.00	1.08	0.17	-0.24
Alpha (Theta Multistar over ...)		0.79%		

Risk table*	Theta Multistar Medium Volatility	HFRI Fund of Funds	MSCI World	JP Morgan Government Bonds
Annualized standard deviation (%)	5.65%	4.31%	12.44%	4.52%
Maximum Drawdown (%)	-10.87%	-5.01%	-28.97%	-8.47%
Average Gain Positive Months (%)	1.48%	1.14%	2.54%	1.17%
Average Loss Negative Months (%)	-1.41%	-1.10%	-3.07%	-1.04%

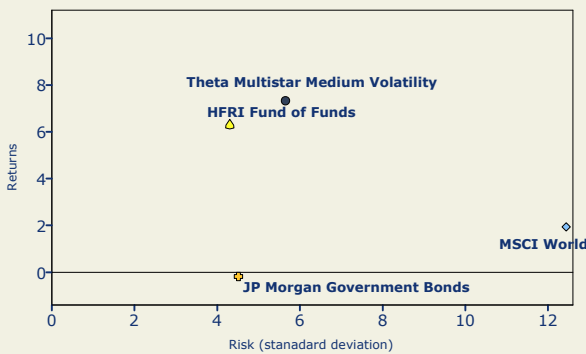
* From January 2003 to January 2004 performance of medium volatility Theta client portfolios; thereafter Theta Multistar Medium Volatility Fund. All figures are net of all fees. All indices hedged to EUR. Past results are not necessarily a guide to future performance. For this product, a "Financiële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

Theta Multistar Medium Volatility

Portfolio Analysis

July 2008

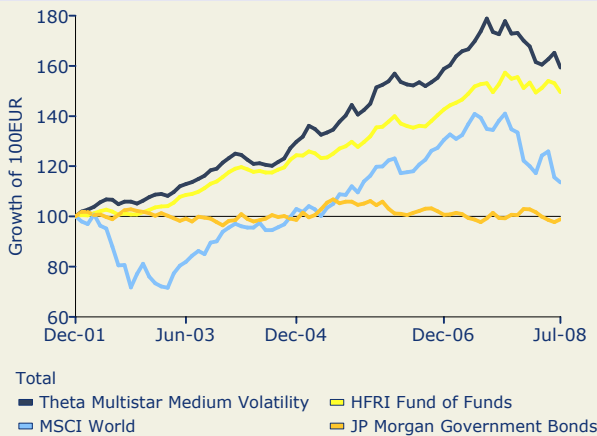
Risk/ reward profile: Jan 2002 to Jul 2008



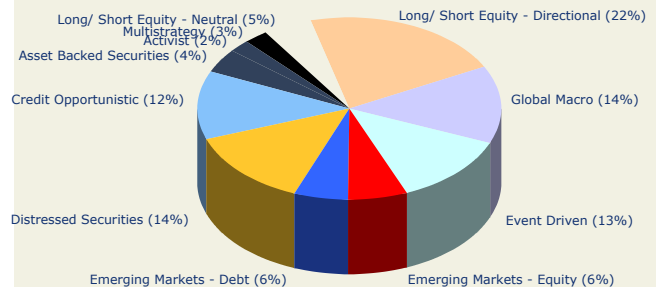
Information

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

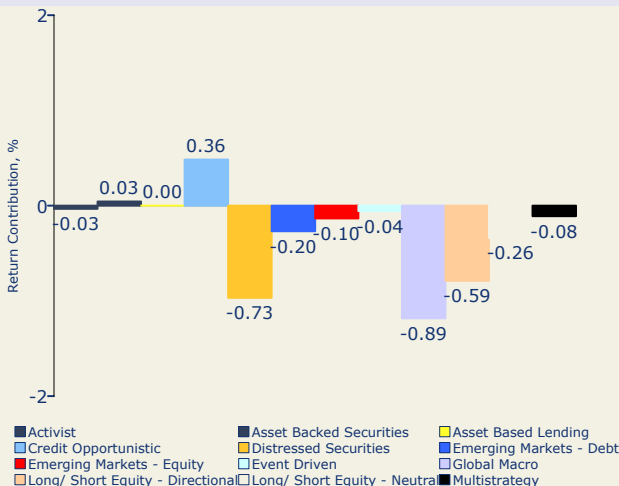
Cumulative return: Jan 2002 to Jul 2008



Strategy allocation Jul 2008



Attribution gross performance by strategy Jul 2008



Fund versus indices

	Jan-02 - Jul-08
Capture Ratio when MSCI up	45.66%
Average return when MSCI up	1.21%
Capture Ratio When MSCI down	9.02%
Average Return when MSCI down	-0.26%
Capture Ratio when JPM Bond Index up	29.51%
Average Return when JPM Bond Index up	0.35%
Capture Ratio when JPM Bond Index down	-81.01%
Average Return when JPM Bond Index down	0.80%
Capture Ratio when HFRI Index up	113.93%
Average Return when HFRI Index up	1.29%
Capture Ratio when HFRI Index down	108.48%
Average Return when HFRI Index down	-1.19%

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.