



THETA
CAPITAL MANAGEMENT B.V.

Theta Multistar Medium Volatility

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Theta Multistar Medium Volatility

Blending the art & science of hedge fund investing

Theta Capital Management

Key Features

- Investment in a successful, well-diversified portfolio of hedge funds
- Risk-adjusted return of 9.5% per year
- Managed by independent hedge fund boutique Theta Capital Management
- Low correlation to stocks and bonds provides for excellent diversification benefits
- Monthly dealings

Theta Multistar Medium Volatility is a fund of hedge funds managed by Theta Capital Management, an independent hedge fund investment boutique based in Amsterdam, the Netherlands. Theta Capital Management has managed the Medium Volatility strategy since its inception in September 2001, and the table below shows that this strategy has generated a total return of 55% since inception thereby outperforming its benchmark, the HFR Fund of Funds Index, by more than 15%. Moreover, returns are uncorrelated to movements in global stock and bond markets. When global equity markets lost almost -25% in the challenging year 2002, Theta's Medium Volatility strategy still produced a positive return close to 7%.

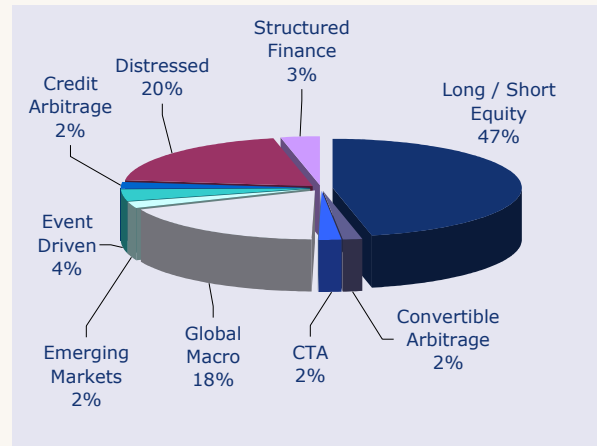
	Theta Medium Volatility	HFR Fund of Funds	MSCI World Index	JPM Global Bonds
2001	0.0%	0.8%	0.4%	0.8%
2002	7.1%	2.6%	-23.9%	9.8%
2003	12.8%	12.8%	23.5%	9.7%
2004	6.8%	7.4%	9.6%	5.5%
2005	11.8%	6.1%	12.9%	3.9%
2006	9.6%	8.0%	12.2%	1.0%
2007	8.9%	8.7%	2.3%	-1.3%
Q1 2008	-4.1%	-2.1%	-13.4%	-2.8%
Return	8.5%	6.9%	2.3%	-0.4%
Risk	5.2%	4.2%	12.5%	4.5%
Sharpe	1.04	0.93	-0.06	-0.74
Beta (Theta vs.)	1.00	0.95	0.15	-0.26

All figures in Euro's

The Fund

Theta Multistar Medium Volatility is a well-diversified fund of hedge funds which aims to provide investors with positive returns in all market environments. The fund targets returns above Euribor +5%, while containing volatility between 5-7% per annum. The fund may serve as an alternative to bonds and equities.

Theta Multistar Medium Volatility invests in about 25 hedge funds active across a wide range of investment strategies. The chart below shows that allocation by investment strategy. Devising a portfolio of managers with different but complementary investment styles can dampen the volatility associated with any one style. As a result, the combined risk is much lower than the individual risks of the majority of funds in the portfolio, without compromising performance.



Theta Multistar Medium Volatility has consistently been among the best performing multi-strategy hedge fund portfolios, according to *InvestHedge*, the leading industry newsletter.

The Investment Manager

Theta Capital Management B.V. is an independent asset manager and investment advisor dedicated to the growth and preservation of client capital and focusing exclusively on hedge funds. Since the start in 2001, we have been building long-term client relationships based on service and reliability. Close and long-standing relationships with leading hedge fund managers drive the process of identifying, analysing, selecting and accessing funds.

Our investment philosophy is implemented by means of a structured research-driven investment process, where decisions are made with a healthy dose of common sense and expert judgment. ***This is the blend of art and science in our approach to hedge fund investing.***

Theta's competitive edge is based on selecting smaller hedge funds:

- Niche strategies have a limited capacity of investment opportunities
- Smaller hedge fund managers tend to have an independent mind and more often take contrarian views
- Smaller hedge funds are more flexible to a changing market environment and investment opportunities

In our investment process, we take a predominantly bottom-up approach reflecting our profound belief that hedge fund managers are well equipped to capitalize on varying market conditions. In other words, we do not actively manage our portfolios according to pre-formulated return expectations for the different hedge fund investment strategies. Rather, we strive to select managers that have proven the ability to successfully exploit investment opportunities across various market environments and we aim to compose portfolios of hedge funds with fundamentally different risk-return profiles to maximize the benefit of diversification. This approach endeavors to provide our clients with capital appreciation and downside protection, at all times.

Investment Details

- Monthly investments and redemptions
- Management fee: 1.25%
- Performance fee: 10%, above a hurdle rate of 1-month Euribor+2% and subject to a high watermark
- Denomination: EUR 1,000
- For more information and the prospectus of Theta Multistar Fund, please visit www.thetacapital.com

What are hedge funds?

Hedge funds are investment funds which exploit opportunities in the financial markets and are not restricted in the range of investment styles and instruments they employ. Their objective is to generate superior returns under varying market conditions. A hedge fund exhibits the following characteristics:

- Absolute return investment objective
- Low correlation with traditional investments
- Ability to be long and/or short
- Freedom to use the widest possible range of financial instruments
- Ability to use leverage or gearing
- Performance related fee structure
- Significant portion of the manager's net worth is invested in the fund
- Limited size, which enables the manager to optimally exploit his flexible investment mandate

Hedge funds provide higher returns for the same amount of risk and better opportunities for diversification by virtue of their low correlation with stocks and bonds.

For more information, please contact us at:

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