

## Monthly Commentary

January 2009

The Theta Multistar Medium Volatility Fund gained 1.53% in January. In reference the HFRI Fund of Funds Index gained 1.09% and the MSCI World lost 7.6%. All figures are presented hedged into Euros.

For equity markets January was quite similar to both January 2008 and 2008 as a whole. Markets got off to a good start before crumbling in the face of new bad news relating to both economic and corporate gloom. Emerging markets, up 9% after the first week of the month, closed January down 6.5%. US equities even had their worst January in history.

At the same time liquidity improved modestly in some corners of the credit markets, helping prices to recover somewhat. The top tier of the loan market was up 3.71% (Credit Suisse). All in all, there appeared to be some realism in relative value trades, which in our view was the main driver for hedge funds ending broadly higher.

Our cautious (and bearish) position paid off in January, explaining the positive difference between our Medium Volatility Fund and hedge funds as a group. For the time-being, we will maintain this cautious stance. Current default rates among global investment grade and high yield issuers are 0.4% and 4.0%, respectively. These default rates will go much higher if credit default swap (CDS) spreads are anything to go by.

The current CDS market is pricing in 13.7% cumulative defaults among global investment grade issuers over the next five years and 63.2% cumulative defaults among global high yield issuers over the same time period. Whilst that pricing may be exaggerated, we are clearly only in the early stages of this default wave.

The biggest contribution came from funds with short exposure to financial companies (the S&P 500 Financials index was down 26% in January). Also the widening of European government spreads helped our performance. Commodity traders and global macro funds were the second best performing group. Particularly outstanding was a London based commodity fund which gained 13% for the month. While the fund took back risk after a strong 2008 performance, they once again succeeded trading the volatile oil market effectively.

Our losses came from our short credit fund as liquid names rallied. Even with spreads at current levels, we believe this fund will do well when actual defaults start accelerating. Other losses came from our long biased equity managers, a relatively small portion of the current portfolio.

The attribution of January supports our view that today's environment is best exploited by liquid, trading oriented managers and we are moving our portfolio further into that direction.

Performance*	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2009	1.53%												1.53%
2008	-1.77%	-1.30%	-3.74%	-0.60%	1.30%	1.59%	-3.56%	-2.31%	-4.63%	-9.73%	-2.20%	-0.58%	-24.71%
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 February 2009	€1,073.57			
YTD	1.53%	1.09%	-7.57%	4.20%
2008	-24.71%	-19.62%	-40.73%	17.80%
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%
Annualized Compounded Return	3.44%	3.50%	-0.65%	3.31%
Sharpe Ratio	0.09	0.11	-0.19	-
% Positive Months	64.38%	69.86%	60.27%	49.32%
Correlation (Theta Multistar with ...)	1.00	0.87	0.65	-0.53

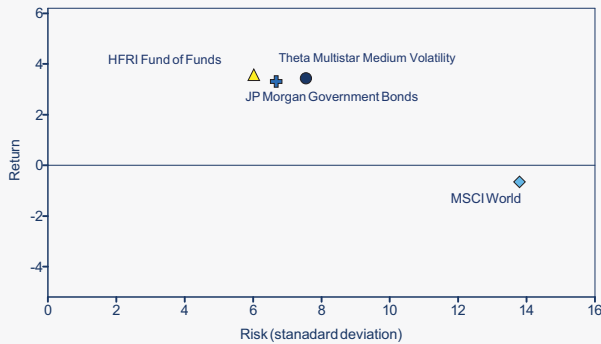
Risk table*	Theta Multistar Medium Volatility	HFRI Fund of Funds	MSCI World	JP Morgan Government Bonds
Annualized standard deviation (%)	7.55%	6.02%	13.79%	6.68%
Maximum Drawdown (%)	-27.12%	-20.52%	-48.12%	-8.47%
Average Gain Positive Months (%)	1.55%	1.19%	2.33%	1.72%

\* 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.

## Portfolio Analysis

January 2009

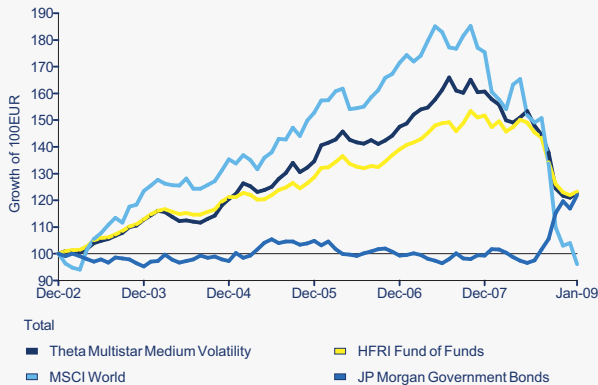
### Risk/ reward profile: Jan 2003 to Jan 2009



### Fund Information

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

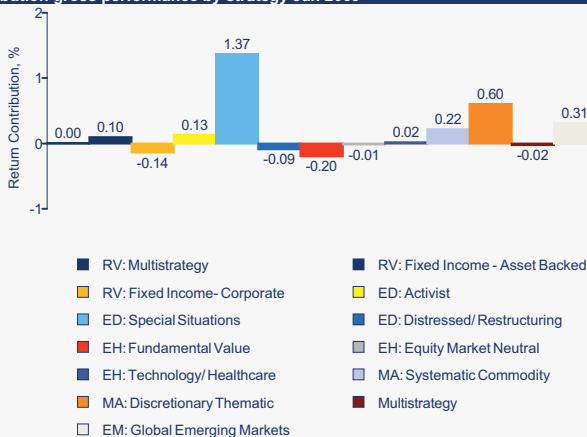
### Cumulative return: Jan 2003 to Jan 2009



### Strategy allocation Jan 2009

RV: Multistrategy	6%
RV: Fixed Income - Asset Backed	8%
RV: Fixed Income- Corporate	3%
ED: Activist	3%
ED: Special Situations	16%
ED: Distressed/Restructuring	6%
EH: Fundamental Value	12%
EH: Equity Market Neutral	4%
EH: Technology/ Healthcare	2%
MA: Systematic Commodity	4%
MA: Discretionary Thematic	12%
Multistrategy	3%

### Attribution gross performance by strategy Jan 2009



### Fund versus indices: Jan 2003 to Jan 2009

Capture Ratio when MSCI up	47.26%
Average return when MSCI up	1.14%
Capture Ratio When MSCI down	29.67%
Average Return when MSCI down	-1.01%
Capture Ratio when JPM Bond Index up	-13.57%
Average Return when JPM Bond Index up	-0.24%
Capture Ratio when JPM Bond Index down	-74.95%
Average Return when JPM Bond Index down	0.80%
Capture Ratio when HFRI Index up	108.24%
Average Return when HFRI Index up	1.29%
Capture Ratio when HFRI Index down	112.34%
Average Return when HFRI Index down	-2.01%

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.