

## Monthly Commentary

August 2009

The Theta Multistar Medium Volatility Fund gained 0.73% in August, bringing the year-to-date return to 3.51%. The HFRI Fund of Funds Index gained 0.99% and the MSCI World gained 3.47%. All figures are presented hedged into Euros.

Equity markets moved somewhat higher in August although there was significant dispersion between developed markets and emerging markets in August. Whereas developed markets moved higher, the Chinese markets for example witnessed a significant correction in August with the Shanghai Composite Index down nearly 22% for the month. Investors continue to fret about whether or not there is a genuine recovery and whether, in the case of China, this will lead to rapid monetary tightening which could choke off the recovery. After the rapid run-up of most risk assets earlier this year, most investors now seem cautious about taking aggressive positions.

The Multistar Medium Volatility Fund had a decent month with most underlying funds posting positive results, albeit modest. Positive returns were generated both by some of the highly liquid long/short equity and global macro traders we added recently, as well as managers we have been with for many years.

The dedicated long/short financials fund we added earlier this year was up just over 6% for the month. The global financial sector saw significant gains in the US (17% for the month) and Europe (+13% for the month). However, emerging market financials took a breather with the MSCI EM down 5% for the month. Despite all the worries from market commentators about upcoming regulation and the impact on the profitability of banks, the view from this manager is quite clear. Regulators will not crimp bank profitability as banks will need to rebuild their core Tier 1 regulatory capital and increased profitability going forward is necessary to achieve this.

Another solid contributor during the month was one of our long standing global macro managers. Gains were made primarily in commodity markets during August with both their long Sugar and short Natural Gas positions paying off nicely. In the meantime, natural gas futures sank to a seven-year low as suppliers continued to sell into a weak market. This manager remains cautious about taking significant directional exposure to equity markets as the manager feels it likely that lacklustre growth and contracting margins as a result of low capacity utilisation will mean valuations will eventually contract.

Performance*	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2009	1.53%	0.68%	-2.44%	-1.31%	2.38%	-0.29%	2.28%	0.73%					3.51%
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 July 31, 2009	€ 1,094.56			
YTD	3.51%	8.33%	14.00%	-1.59%
2008	-24.71%	-20.03%	-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	3.43%	4.18%	2.58%	2.13%
Sharpe Ratio	0.12	0.25	0.06	-
% Positive Months	63.75%	71.25%	61.25%	50.00%
Correlation (Theta Multistar with ...)	1.00	0.85	0.55	-0.50
Beta (Theta Multistar with ...)	1.00	1.07	0.28	-0.55

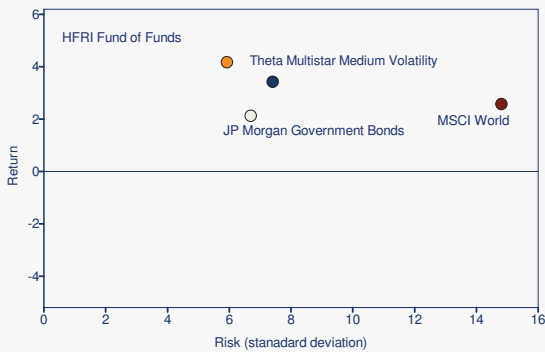
Risk table*	Theta Multistar Medium Volatility	HFRI Fund of Funds	MSCI World	JP Morgan Government Bonds
Annualized standard deviation (%)	7.40%	5.93%	14.82%	6.69%
Maximum Drawdown (%)	-28.27%	-20.92%	-52.85%	-8.47%
Average Gain Positive Months (%)	1.55%	1.20%	2.73%	1.60%
Average Loss Negative Months (%)	-1.90%	-1.74%	-3.64%	-1.23%

\* 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

August 2009

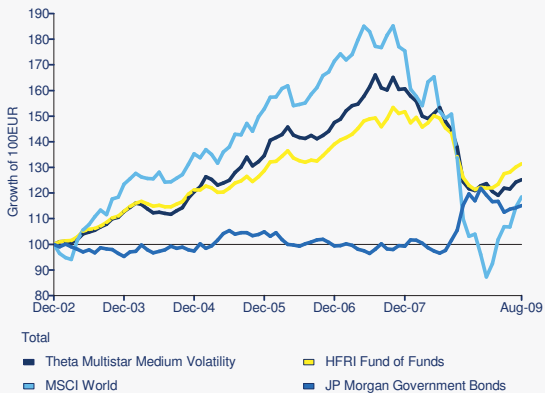
### Risk/ reward profile: Jan 2003 to Aug 2009



### 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

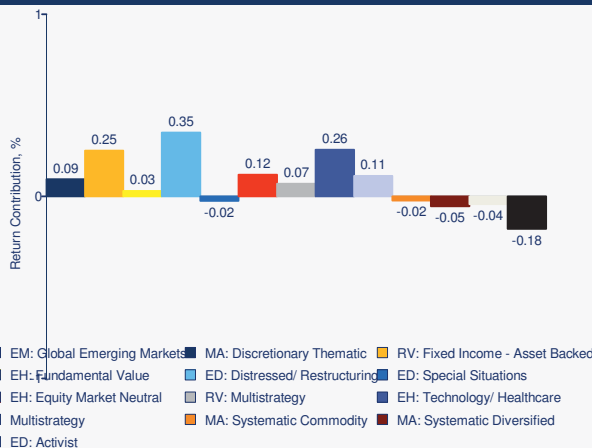
### Cumulative return: Jan 2003 to Aug 2009



### Strategy allocation Aug 2009

Strategy	%
EM: Global Emerging Markets	20
MA: Discretionary Thematic	21
RV: Fixed Income - Asset Backed	8
EH: Fundamental Value	13
ED: Distressed/ Restructuring	4
ED: Special Situations	5
EH: Equity Market Neutral	3
RV: Multistrategy	8
EH: Technology/ Healthcare	5
Multistrategy	2
MA: Systematic Commodity	5
MA: Systematic Diversified	4
ED: Activist	3

### Attribution gross performance by strategy Aug 2009



### Fund versus indices

	Jan-03 - Aug-09
Capture Ratio when MSCI up	36.67%
Average return when MSCI up	1.06%
Capture Ratio When MSCI down	26.85%
Average Return when MSCI down	-0.93%
Capture Ratio when JPM Bond Index up	-11.09%
Average Return when JPM Bond Index up	-0.19%
Capture Ratio when JPM Bond Index down	-64.08%
Average Return when JPM Bond Index down	0.75%
Capture Ratio when HFRI Index up	98.12%
Average Return when HFRI Index up	1.17%
Capture Ratio when HFRI Index down	108.62%
Average Return when HFRI Index down	-1.90%

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.