

Monthly Commentary

December 2009

The Theta Multistar Medium Volatility Fund gained 0.18% in December, bringing the year-to-date return to 5.08% The HFRI Fund of Funds Index gained 0.92% and the MSCI World gained 3.65%. All figures are presented hedged into Euros.

December marks the end of a year of strong recovery in global equity and credit markets and a year of disappointing returns for the Medium Volatility Fund. Although we ended close to our formal target of Euribor +5%, we would typically expect to do better in a year with such a tailwind in risky assets. In short, as we have discussed several times before, our conservative stance which worked well in the first two months of the year, cost us from March to June. Making up the lost ground in the second half of 2009 proved very hard without moving out of our pre-described risk parameters.

The portfolio today is considerably less conservative than early last year. That does not mean that we are big believers in a further rally in risky assets (we do not consider it our job to make predictions), but it means that we have corrected the overly conservative stance we had taken. We do maintain an overweight to global macro strategies as we believe asset prices will still mainly be driven by macro forces.

We prefer the flexibility of such managers as we do not want to depend on the synchronized surge in risky assets to continue. At the same time, we have added two managers in event driven and distressed strategies.

We have seen considerable turnover in the portfolio in 2009, something we expect to slow down going forward. The aftermath of 2008 actually allowed us to get access to some of the best managers that had been closed before. We have used this period to upgrade the overall quality of our portfolio and we believe this establishes a solid groundwork for strong risk-adjusted performance for years to come.

In December, most global macro and commodity funds had a difficult month with trends in USD, gold and oil reversing. Our short term trader was the biggest loser for the second month in a row. We have reduced the weighting of the position to limit the impact of further losses. A year-end markdown in one of our distressed securities funds caused another substantial loss (22bps).

We wish you a healthy and prosperous 2010. On our side, we are excited about the opportunity set for hedge funds.

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%	1.00%	0.31%	0.03%	0.18%	5.09%
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 December 31st, 2009	€1,111.19			
YTD	5.09%	12.10%	22.07%	-1.27%
2008	-24.71%	-20.01%	-40.73%	17.80%
2007	8.93%	9.06%	2.32%	-0.06%
2006	9.58%	8.08%	12.22%	-5.24%
2005	11.76%	6.10%	12.89%	7.71%
2004	6.80%	7.43%	9.62%	2.17%
Annualized Compounded Return	3.49%	4.49%	3.46%	2.08%
Sharpe Ratio	0.14	0.32	0.12	-
% Positive Months	65.48%	71.43%	61.90%	50.00%
Correlation (Theta Multistar with ...)	1.00	0.85	0.54	-0.49

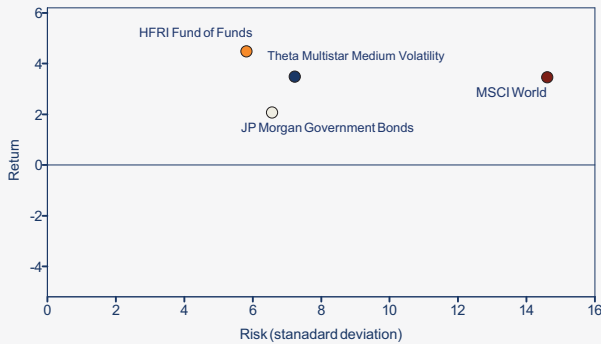
Risk table*	Theta Multistar Medium Volatility	HFRI Fund of Funds	MSCI World	JP Morgan Government Bonds
Annualized standard deviation (%)	7.23%	5.82%	14.61%	6.57%
Maximum Drawdown (%)	-28.27%	-20.90%	-52.85%	-8.47%
Average Gain Positive Months (%)	1.46%	1.19%	2.75%	1.57%

* 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

December 2009

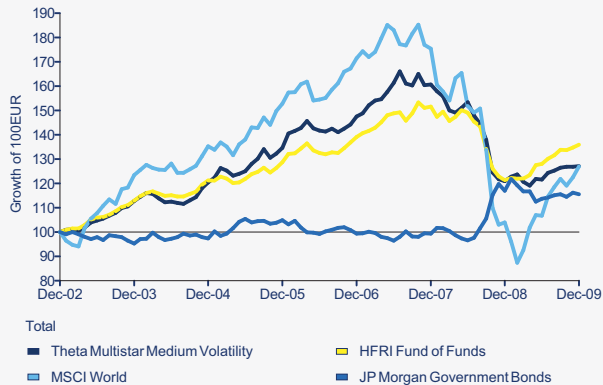
Risk/ reward profile: Jan 2003 to Dec 2009



Fund Information

Subscription	Monthly
Redemption	Monthly
Redemption Notice	40 days notice
Management Fee	1.25%
Incentive Fee	10%
Hurdle Rate	Euribor (1m) + 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

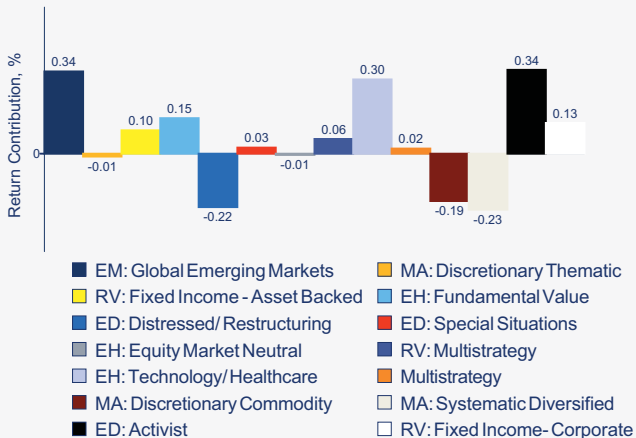
Cumulative return: Jan 2003 to Dec 2009



Strategy allocation Dec 2009

	%
EM: Global Emerging Markets	18
MA: Discretionary Thematic	21
RV: Fixed Income - Asset Backed	8
EH: Fundamental Value	15
ED: Distressed/ Restructuring	7
ED: Special Situations	5
EH: Equity Market Neutral	1
RV: Multistrategy	3
EH: Technology/ Healthcare	5
Multistrategy	1
MA: Discretionary Commodity	5
MA: Systematic Diversified	3
ED: Activist	3
RV: Fixed Income- Corporate	3

Attribution gross performance by strategy Dec 2009



Fund versus indices

	Jan-03 - Dec-09
Capture Ratio when MSCI up	34.99%
Average return when MSCI up	1.02%
Capture Ratio When MSCI down	26.00%
Average Return when MSCI down	-0.89%
Capture Ratio when JPM Bond Index up	-9.31%
Average Return when JPM Bond Index up	-0.15%
Capture Ratio when JPM Bond Index down	-63.11%
Average Return when JPM Bond Index down	0.73%
Capture Ratio when HFRI Index up	94.80%
Average Return when HFRI Index up	1.13%
Capture Ratio when HFRI Index down	107.61%
Average Return when HFRI Index down	-1.80%

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.