

1. Performance Summary Theta Funds

The following table shows the net returns of the Theta funds for the period ending 31 May 2010.

	Multistar Medium Volatility Fund	Deep Value Fund	Legends Fund	HFR Fund of Fund Index	MSCI World Index
May 2010	-3.67%	-5.03%	-5.67%	-2.83%	-8.41%
Year-to-date 2010	-1.11%	1.83%	-1.42%	-0.49%	-4.59%

Source: TMF FundAdministrators, Theta Capital Management. All returns in EUR. Inception Theta Legends Fund: 1 February 2010.

2. Theta Multistar Medium Volatility

The following table shows the net returns of Theta Multistar Medium Volatility for the period ending 31 May 2010.

Theta Multistar Medium Volatility - Initial Series

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY
2010	-0.53%	-0.32%	2.40%	1.12%	-3.67%								-1.11%
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%
2002	2.01%	0.70%	1.20%	1.77%	1.04%	-0.15%	-1.31%	0.97%	0.02%	-0.94%	1.18%	1.36%	8.06%

Source: TMF FundAdministrators, Theta Capital Management. All returns in EUR. Before January 2004, return of Theta Medium Volatility client portfolios.

May turned out to be a brutal month for risky assets with equity, commodities and emerging market debt and currencies staging a highly correlated sell off. We compare this move to October 2005 and May 2006 when investors suddenly reduced risk within a longer term upward trend. The Multistar Medium Volatility Fund was not immune to these movements with the portfolio giving back 3.7% in May. While some managers took off part of their risk to prevent further losses, others actually added to their long positions as the general opinion towards the outlook for risky assets remains constructive. The European sovereign problems and possible banking problems are perceived to be manageable and will likely just slow growth rather than cause a double dip recession.

3. Theta Deep Value Fund

The following table shows the net returns of Theta Deep Value for the period ending 31 May 2010.

Theta Deep Value Fund - Performance (Series July 2006)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY
2010	0.80%	0.80%	3.77%	1.73%	-5.03%								1.83%
2009	1.61%	-1.11%	-0.91%	0.77%	4.90%	-0.22%	1.05%	1.12%	2.67%	1.14%	1.78%	2.32%	16.06 %
2008	0.17%	-0.45%	-2.39%	-1.18%	0.25%	1.69%	-2.80%	-4.48%	-3.94%	-5.78%	-0.58%	-1.82%	-19.57%
2007	-0.08%	6.60%	1.12%	1.36%	0.99%	2.80%	6.47%	1.26%	2.52%	6.65%	-0.45%	0.28%	33.38%
2006							-1.68%	1.19%	-0.75%	3.17%	2.90%	3.83%	8.83%

Source: TMF FundAdministrators, Theta Capital Management. All returns in EUR.

The Theta Deep Value Fund lost 5% in May, but year-to-date returns remain positive. As one would expect given the general market environment, long biased managers in equity and credit markets caused most of the losses.

Unfortunately, the global macro and commodity funds did not offer the diversification in May that we hoped they would.

The notable exception was the European Divergence Fund that profited from further spread widening in European sovereigns. In our continuing effort to add similar asymmetric and protective positions to the portfolio, we added two longer term global macro plays during the month. They will be discussed in more detail in our next quarterly letter.

4. Theta Legends Fund

The following table shows the net returns of Theta Legends Fund for the period ending 31 May 2010.

Theta Legends Fund - Class D EUR													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY
2010	-	0.03%	2.91%	1.52%	-5.67%								-1.42%

Source: TMF FundAdministrators, Theta Capital Management. All returns in EUR.

The Theta Legends Fund was hit disproportionately by the turmoil in May as diversification simply did not work. All funds were down for the month and two out of seven funds experienced their worst monthly loss in their 15-year histories. However, we have selected these funds because of their proven ability to recoup losses rather quickly and we trust this will be the case this time as well. We refer to our next quarterly letter for a more detailed discussion of where the losses came from, but in general, given their pro-risk positioning, managers were hit by the combination of a sudden spike in risk aversion and a mix of unpredictable government interventions.

5. NAV Summary

Class / Series	May 2010 NAV per share	Currency	ISIN Code
Theta Multistar Medium Volatility Fund			
Initial Series	€ 1,098.96	EUR	NL0000211159
Series T	€ 1,098.96	EUR	NL0009363928
Series 2010	€ 987.53	EUR	NL0009347137
Theta Deep Value Fund			
Class C - Jul 2008	€ 961.01	EUR	NL0009390210
Class C - Jan 2009	€ 1,162.89	EUR	NL0009390244
Class C - Jul 2009	€ 1,111.37	EUR	NL0009390228
Class C - Jan 2010	€ 1,368.22	EUR	NL0009390236
Class D - Jul 2008	€ 970.38	EUR	NL0009390186
Class D - Jan 2009	€ 1,182.77	EUR	NL0009390160
Class D - Jan 2010	€ 1,381.08	EUR	NL0009390178
Class E - Oct 2008	€ 1,078.78	EUR	NL0009390194
Class E - Jan 2009	€ 1,174.41	EUR	NL0009390202
Class F - Jul 2008	€ 970.23	EUR	NL0009390251
Theta Legends Fund			
Class A - EUR	€ 98.22	EUR	NL0009358373
Class A - USD	\$ 95.94	USD	NL0009358381
Class B - EUR	€ 98.37	EUR	NL0009358399
Class B - USD	\$ 98.96	USD	NL0009358407
Class C - EUR	€ 98.43	EUR	NL0009358415
Class C - USD		USD	NL0009358423
Class D - EUR	€ 98.56	EUR	NL0009358431
Class D - USD	\$ 99.14	USD	NL0009358449

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