

## Special note on the reorganisation of the Theta funds

All investors should by now have made their decision whether or not to transfer their investment into one or more of the Prifund Alpha Funds managed by Banque Privée Edmond de Rothschild. In our upcoming quarterly, we will provide further information about the way Theta will operate going forward and also what the reporting on the various funds will look like from now on.

## 1. Performance Summary Theta Funds

The following table shows the net returns of the Theta funds for the period ending 31 December 2011.

	Multistar Medium Volatility Fund	Deep Value Fund	Legends Fund	HFRX Global hedge Fund Index	MSCI World Index
December 2011	-0.44%	-1.98%	-1.22%	-0.42%	-0.11%
Year-to-date 2011	-13.50%	-19.82%	-13.05%	-8.10%	-6.74%

Source: TMF Fund Administrators, Theta Capital Management. All returns in EUR. Inception Theta Legends Fund: 1 February 2010. Multistar Medium Volatility Fund: Class A Series Initial; Deep Value Fund: Class D Jan 2010; Legends Fund: Class B - EUR.

## 2. Theta Multistar Medium Volatility

The following table shows the net returns of Theta Multistar Medium Volatility for the period ending 31 December 2011.

### Theta Multistar Medium Volatility (Class A Series Initial)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY
2011	-0.16%	0.71%	-0.66%	1.06%	-3.01%	-2.05%	-0.13%	-4.15%	-4.11%	0.71%	-1.90%	-0.44%	<b>-13.49%</b>
2010	-0.53%	-0.32%	2.40%	1.12%	-3.67%	-2.11%	0.92%	0.09%	4.40%	1.94%	-0.18%	4.64%	<b>8.69%</b>
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%	<b>5.09%</b>
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%	<b>-24.71%</b>
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%	<b>8.93%</b>
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%	<b>9.58%</b>
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%	<b>11.76%</b>
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%	<b>6.80%</b>
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%	<b>12.77%</b>
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%	<b>8.06%</b>

Source: TMF Fund Administrators, Theta Capital Management. All returns in EUR. CI A Series Initial was initiated on September 1<sup>st</sup>, 2010. Before January 2004, return of Theta Medium Volatility client portfolios. Theta Medium Volatility Fund invests for 100% in hedge funds.

The fund lost 0.44% in December to complete what was overall a very tough year for investors, including hedge funds. If one explanation had to be given for the fact that hedge funds disappointed in 2011 it would be the very high correlation between and within asset classes. This made it very difficult to capitalize on relative mispricings and the resulting attractive valuations in certain sectors drew many hedge funds into directional sector bets that did not (yet) pay off. An example of this frustrating year was one of our long-standing long-short equity managers who had never had a down year in their 10 year existence (they were roughly flat in 2008) but which ended 2011 down around 20%. Although deeply disappointing when reviewed on a one-year basis, the longer-term track record of this fund remains excellent and we think going forward the fund will once again start delivering outsized returns. We are seeing correlations normalize somewhat so far in January. If this persists, we believe hedge funds could be having a healthy rebound in 2012.

### 3. Theta Deep Value Fund

The following table shows the net returns of Theta Deep Value for the period ending 31 December 2011.

#### Theta Deep Value Fund - Performance (Class D - Jan 2010)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY
2011	-0.26%	-0.97%	-2.32%	1.67%	-2.08%	-3.13%	-0.04%	-7.93%	-6.69%	4.51%	-2.04%	-1.98%	<b>-19.82%</b>
2010	0.80%	0.80%	3.77%	1.73%	-5.03%	-3.30%	1.56%	-1.39%	2.89%	1.86%	1.74%	4.00%	<b>9.45%</b>
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%	<b>16.06%</b>
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%	<b>-19.57%</b>
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%	<b>33.38%</b>
2006							-1.68%	1.19%	-0.75%	3.17%	2.90%	3.83%	<b>8.83%</b>

Source: TMF FundAdministrators, Theta Capital Management. All returns in EUR. Theta Deep Value Fund invests for 100% in hedge funds.

Theta Deep Value ended the year down 19.82% which is clearly disappointing. A significant amount of the losses for the year came from an event driven fund active in the Oil & Gas sector which struggled to create exits on some of its holdings whilst being plagued by operational issues. However, other funds such as the one focusing on the financial sector and anticipating an economic recovery and discretionary commodity trading also suffered losses in the difficult market conditions of 2011. The funds should rebound strongly when fundamentals surface and January in this light is so far encouraging.

### 4. Theta Legends Fund

The following table shows the net returns of Theta Legends Fund for the period ending 31 December 2011.

#### Theta Legends Fund (Class B EUR) \*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY
2011	-0.60%	1.46%	-0.86%	1.39%	-2.63%	-3.48%	0.25%	-4.14%	-5.23%	2.12%	-0.61%	-1.22%	<b>-13.05%</b>
2010		0.03%	2.91%	1.52%	-5.67%	-2.64%	1.77%	-0.54%	5.19%	2.53%	0.47%	+4.59%	<b>10.08%</b>

Source: TMF FundAdministrators, Theta Capital Management. All returns in EUR, net of fees and expenses. Theta Legends Fund invests for 100% in hedge funds.

Theta Legends fund ended December down 1.22% to round off a frustrating 2011. A significant part of the losses in 2011 came from our event driven manager who had been one of the driving forces behind the good performance in previous years. We had earlier in 2011 reduced our allocation to the fund before reducing our exposure even further as of January 1, 2012 but we still suffered from another bad month from this manager in December. A slump in the gold price was also causing negative results as two of our managers have significant exposure to the yellow metal. However disappointing, we do think the poor performance over 2011 should be seen in the context of the stronger longer-term track record. All managers in the Legends fund have experienced similar periods of unsatisfactory results, though arguably not as synchronised as in 2011, and all have rebounded strongly after such losses. The tendency of the markets is to overshoot in either direction, and we believe it will not be different this time around.

## 6. NAV Summary

Class / Series	December 2011 NAV per share	# of shares	Currency	Mgt. Fee / Perf Fee / Hurdle Rate	Red Freq / Notice	ISIN Code
<b>Theta Multistar Medium Volatility Fund</b>						
Class A Series Initial	1,045.64	44,339.9537	EUR	1.25% / 10% / Euribor+ 2%	No lock / M / 40days	NL0000211159
Class C Series Initial	836.98	6,837.0000	EUR			NL00009611219
<b>Theta Deep Value</b>						
Class A - Apr 2010	827.00	369.811	EUR	0.50% / 10% / 8%	2yr / Q / 90days	NL0009538834
Class A - Jul 2010	880.09	175.000	EUR			NL0009538842
Class A - Dec 2010	828.50	350.000	EUR			
Class B - Apr 2010	827.03	616.363	EUR	0.50% / 15% / 8%	No lock / Q / 90days	NL0009538859
Class C - Jan 2010	1,170.07	35,837.685	EUR	0.50% / 15% / 8%	2yr / Q / 90days	NL0009390236
Class C - Jul 2009	950.13	148.500	EUR			NL0009390228
Class D - Jan 2010	1,189.27	7,722.014	EUR	0.00% / 15% / 8%	2yr / Q / 90days	NL0009390186
Class E - Oct 2008	922.75	1,234.326	EUR	0.50% / 12.5% / 8%	2yr / Q / 90days	NL0009390194
Class F - Jul 2008	835.80	21,971.802	EUR	0.00% / 12.5% / 8%	2yr / Q / 90days	NL0009390251
<b>Theta Legends Fund</b>						
Class A - EUR	94.42	118,374.9115	EUR	1.0% / 5% / Euribor+ 2%	No lock / M / 90days	NL0009358373
Class B - EUR	95.26	664,279.2910	EUR	0.5% / 5% / Euribor+ 2%	No lock / M / 90days	NL0009358399
Class B - USD	96.53	59,178.7456	USD			NL0009358407

Source: TMF FundAdministrators.