

Riverplus Fund

MONTHLY INVESTMENT REPORT January 2014

SHARE PRICE (January 31): 105.50
NAV (January 31): CHF 23'382'997

Riverplus Fund is a long-short Delta, Gamma, and Vega fund incorporated in the Cayman Islands. The inception date was **October 1st, 2009**. The fund's objective is to generate a stable source of return by actively trading in listed Swiss stocks, options on Swiss and European stocks, and Index Futures. Investment advisor of Riverplus Fund is lambda Capital Group.

Monthly Net Returns

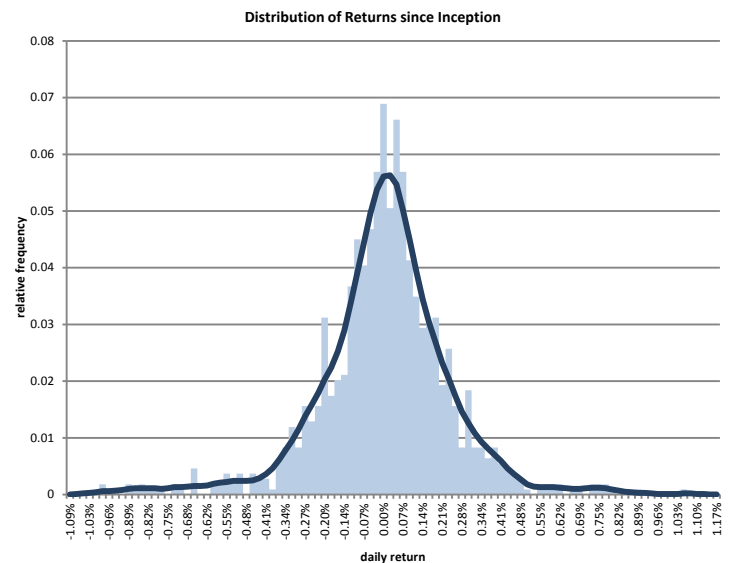
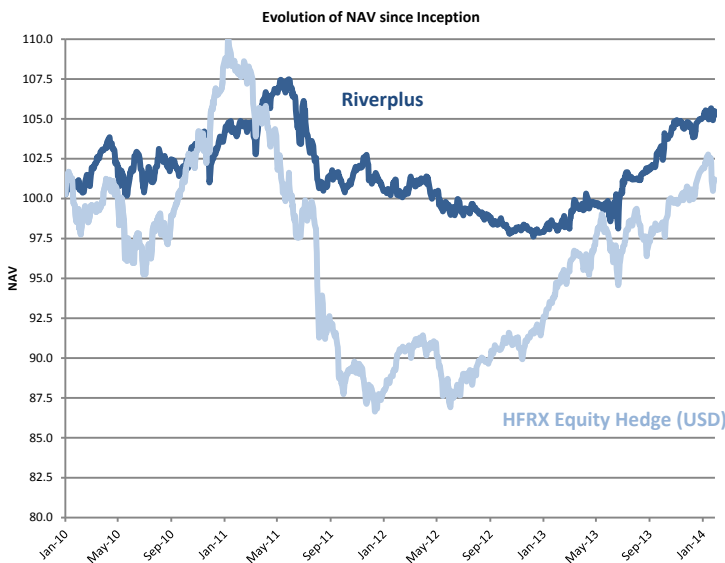
| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|------|-------|--------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 2009 | | | | | | | | | | 0.02% | -0.31% | 0.38% | 0.09% |
| 2010 | 0.67% | 0.23% | 2.02% | -0.72% | -0.98% | -0.26% | 0.94% | -0.25% | 0.29% | 1.19% | -2.15% | 2.56% | 3.51% |
| 2011 | 0.31% | 0.69% | 1.05% | 0.97% | 0.66% | -2.20% | -2.64% | -0.95% | -0.45% | 1.09% | -0.83% | -0.40% | -2.73% |
| 2012 | 0.43% | -0.65% | 0.65% | -0.75% | -0.81% | -0.30% | 0.13% | -0.52% | -0.12% | -0.84% | 0.04% | -0.15% | -2.88% |
| 2013 | 0.45% | 0.22% | 0.95% | 0.30% | 0.09% | 0.33% | 1.07% | 0.47% | 1.51% | 1.45% | 0.01% | 0.19% | 7.27% |
| 2014 | 0.49% | | | | | | | | | | | | 0.49% |

Key Ratios*

| | Since Inception (Oct 1 st , 2009): | January 2014: |
|-------------------------------|---|--------------------|
| Annualized Volatility | 3.69% | 3.53% |
| Sharpe Ratio (bias corrected) | 0.33 (0.31) | 1.49 (1.57) |
| Up vs Down Days | 53% | 50% |
| Shortfall Probability | 47% | 50% |
| Sortino Ratio | 0.46 | 2.38 |
| Omega Ratio | 1.06 | 1.25 |
| Upside Potential Ratio | 7.94 | 11.97 |
| Top Performers | | NESN, NOVN, SMI |
| Top Losers | | GAM, ROG, STOXX50E |

*To calculate the Sharpe Ratio and other key ratios we use the average 1 month CHF Libor rate over the respective time horizon as proxy for the risk-free rate. All numbers are based on daily NAV calculations and we annualize by assuming 253 trading days. The Shortfall Probability measures the probability of the fund return to be smaller than the risk-free rate. The Sortino, Omega, and Upside Potential ratios are investment ratios based on lower partial moments. The Sortino ratio is an adjusted Sharpe ratio for which the volatility generated by negative returns (semi-volatility) is taken into account. The Omega Ratio is a probability weighted ratio of gains to losses relative to the risk-free rate. The Upside Potential Ratio is calculated as the ratio between the expected upside and semi-volatility.¹

Evolution of NAV and Distribution of Daily Returns²

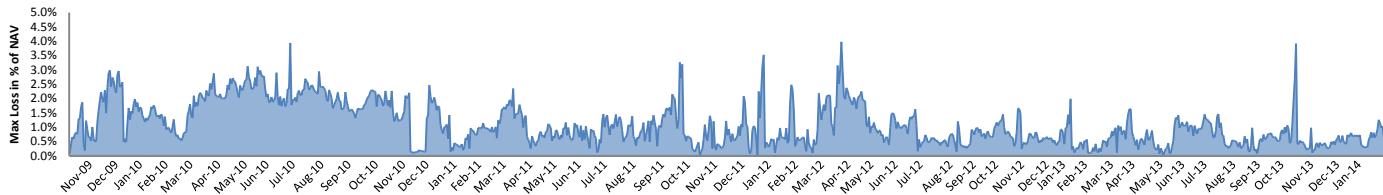


¹ For more details on the above performance measures, we refer the interested reader to the papers of Sortino, van der Meer, Plantinga (1999), "The Dutch Triangle," *Journal of Portfolio Management*, 25, 50-57; Keating and Shadwick (2002), "A Universal Performance Measure," *Journal of Performance Measurement*, 6, 59-84; Kaplan and Knowles, "Kappa: A Generalized Downside Risk-Adjusted Performance Measure," *Journal of Portfolio Management*, 8, 24-54.

² For the daily return distribution, we plot the histogram together with a non-parametric density estimator based on Gaussian kernels.

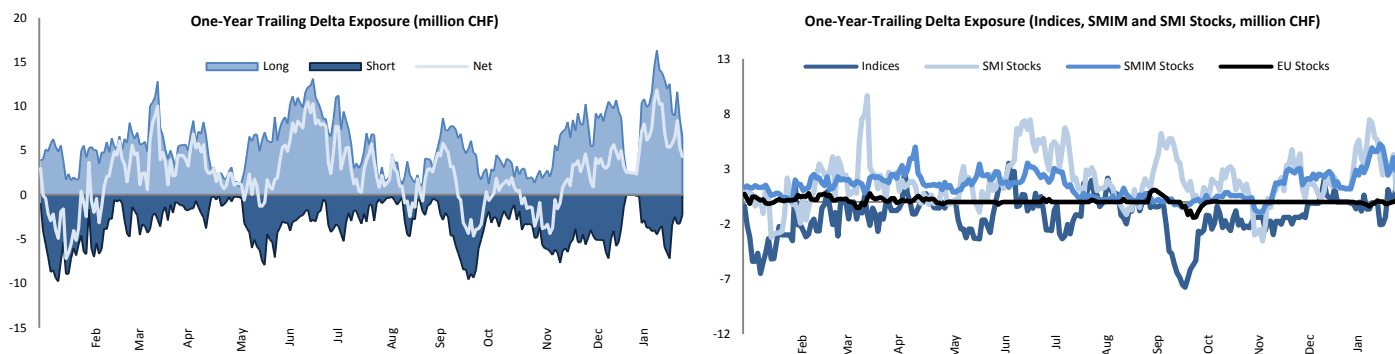
Risk Exposure

Our risk allocation for the different strategies within Riverplus is based on the maximum loss principle. In contrast to the commonly used Value-at-Risk, Maximum Loss is a coherent risk measure.³ As an overall acceptable risk exposure on the fund level, we fix a monthly maximum loss of 5% at the 95% confidence bound.



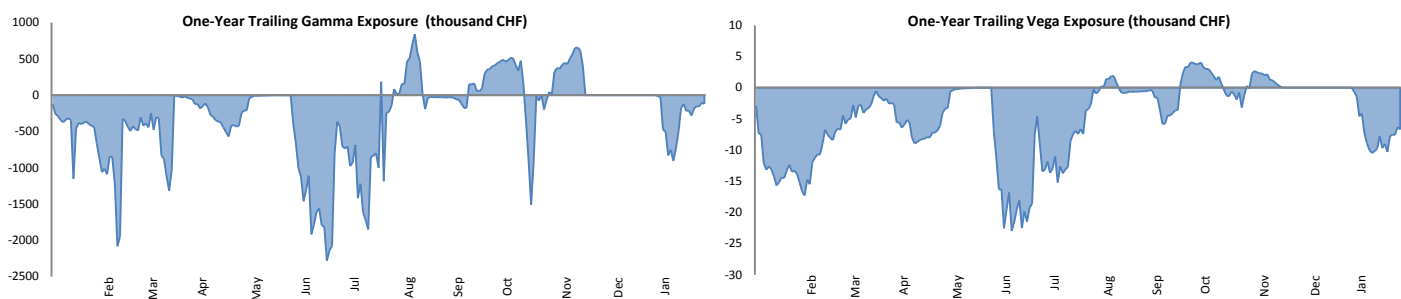
Delta Exposure

The figures below show our Delta exposures. On the right, we plot our long and short Delta positions as well as the resulting net Delta position, expressed in millions of CHF. The left figure illustrates the Delta exposures for our index positions and for the positions in SMI and SMIM stocks.



Gamma and Vega Exposure

A large part of the risk capital is allocated to active option-based strategies. Therefore, Gamma and Vega exposures play a prominent role in our risk management and need to be monitored carefully. The figures below plot the daily net Gamma and Vega exposures since inception.



Additional Information

| Strategy | Long-Short Delta Gamma Vega | Assets under Management (January 31, 2014) | 23 million |
|---------------------------|--------------------------------|--|-------------------------------------|
| NAV per Unit | 105.50 | Redemption | monthly/30 days notice |
| Management Fee | 2% | Performance Fee | 20% |
| Fund Structure | single fund, open-end | Prime Broker/Custodian | Credit Suisse |
| Legal Advisor to the Fund | Maples and Calder | Administrator | Maples Fund Services Limited |
| Equalisation | yes | High-Water-Mark | yes (105.74 as of January 31, 2014) |
| Investment Advisor | lambda Capital Group | Investment Manager | Riverplus Management Company |
| Domicile | Cayman Islands | Auditor | KPMG |
| Valor | 10263523 | ISIN | KYG759421053 |
| Day of Inception | October 1 st , 2009 | Share Class | CHF |

For further details or for more information, please contact us at contact@lambdacapital.ch or visit www.lambdacapital.ch

³ See Artzner, Delbaen, Eber, Heath (1999), "Coherent Measures of Risk," *Mathematical Finance*, 9, 203-228.

Disclaimer: Past performance is not necessarily indicative to future performance. The information contained in this letter represents neither an offer to sell nor a solicitation of an offer to buy any securities. Securities in this fund will only be offered through a current offering memorandum and appropriate subscription documents. The material provided herein is for informational purposes only. Investments in Alternative Investment Strategies are suitable only for sophisticated and qualified investors who fully understand and are willing to assume the risks involved. Alternative Investments by their nature involve a substantial degree of risk and performance may be volatile.