

Riverplus Fund

MONTHLY INVESTMENT REPORT February 2010

SHARE PRICE (per February 28, 2010): 100.99
NAV (per February 28, 2010): CHF 59'679'492

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 stocks, and Index Futures. Investment advisor of Riverplus Fund is lambda Capital Group.

Monthly Net Return

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%											0.90%

Daily Trading Activity

Riverplus is committed to a highly active trading strategy. For an overview, Figure 1 reports the number of trades made for each trading day during the month of February and Figure 2 plots the daily values of the buy and sell trades (in millions of CHF).

Figure 1: Number of Trades

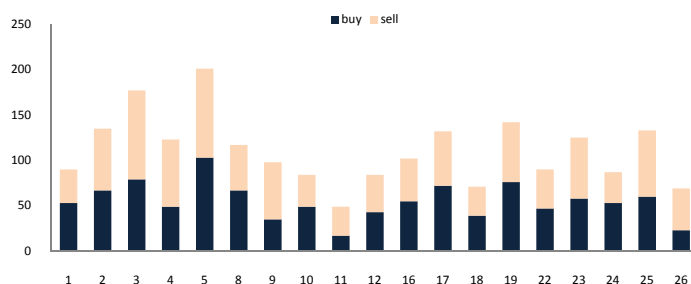
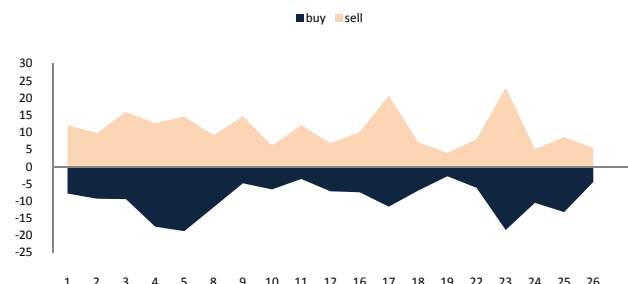


Figure 2: Trading Volumes (million CHF)



For the whole month of February, our trading activity averaged 111 trades and a volume of CHF 19 million per day, compared to an average of 138 trades and an average volume of CHF 22 million in the previous month. The decrease in trading activity and size over the last two months, compared with the previous months, reflects the ongoing uncertainty surrounding the events in Greece. Rumors continued to swirl around how and whether the European Community attempts to fund a Greece rescue package. The resulting excess volatility and disorderly movements in exchange rates may trigger adverse implications on economic and financial stability.

Delta Exposure

Figure 3 shows our long and short Delta positions as well as the resulting net Delta position, expressed in millions of CHF. Figure 4 illustrates the Delta exposures for our index positions and for the positions in SMI and SMIM stocks.

Figure 3: Delta Exposure on the Long and Short Side (million CHF)

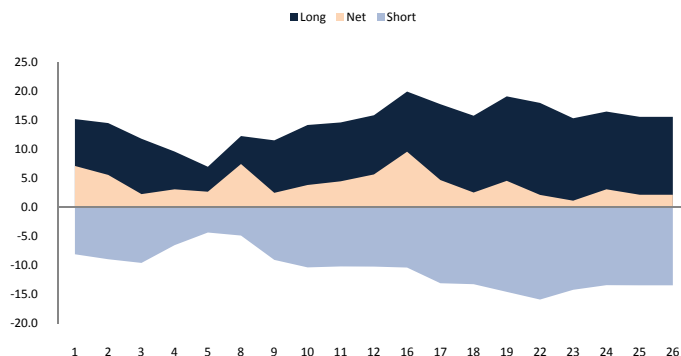
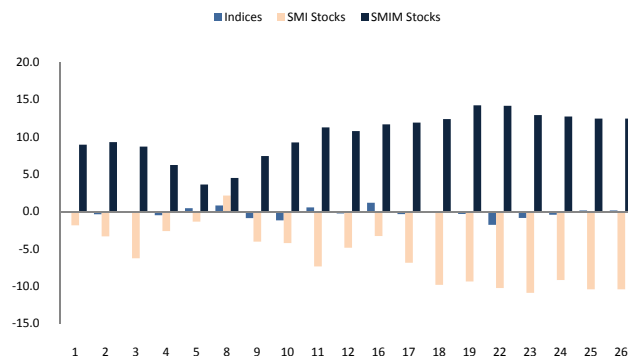


Figure 4: Delta Exposure per Indices, SMI and SMIM Stocks (million CHF)



Disclaimer: Past performance is not necessarily indicative of 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.

Figure 3 shows that we still keep the overall size of our net delta positions at a moderate level. However, at the same time we continue to have an increased exposure in volatility, which we kept at a constant and high level (see Figure 6).

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. Figure 5 and Figure 6 plot the daily net Gamma and Vega exposures during the month of February. In Figure 6 we see that our Vega position moves at levels between CHF 250,000 and CHF 450,000 Vega Short. These exposures are a direct consequence of the fact that we have positioned ourselves strategically with a sizeable option book. By splitting up our positions further into moneyness and maturity buckets, we see in Figure 7 to Figure 10 that we are mainly running exposures at the long end of the volatility term structure with at-the-money positions.

Figure 5: Gamma Exposure (million CHF)

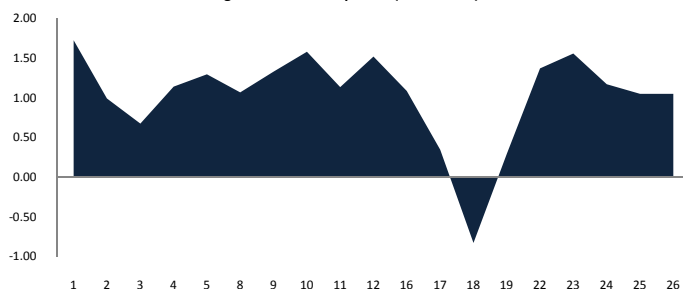


Figure 6: Vega Exposure (thousand CHF)

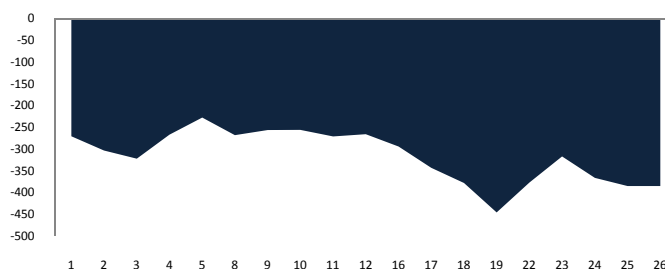


Figure 7 and Figure 8 show the average daily Gamma and Vega positions for the maturity buckets. For each bucket, we also show the long and short position, illustrating that we play both sides of volatility risk. Our strategic view is still based on the notion that long term volatility will tend to decrease in the mid- and long-term. Therefore, we have built up some short volatility risk exposure on the long end of the term structure, while we keep our volatility exposure on the short end of the term structure at a low level.

Figure 7: Average Gamma per Maturity (million CHF)

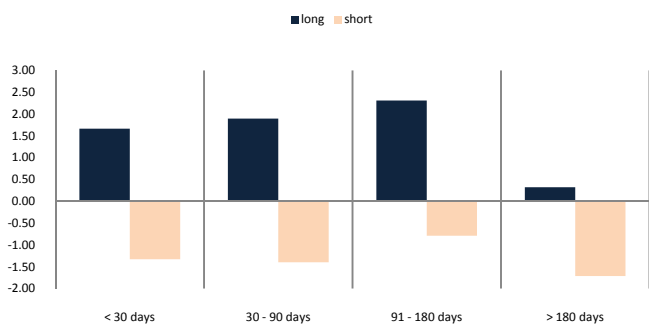


Figure 8: Average Vega per Maturity (thousand CHF)

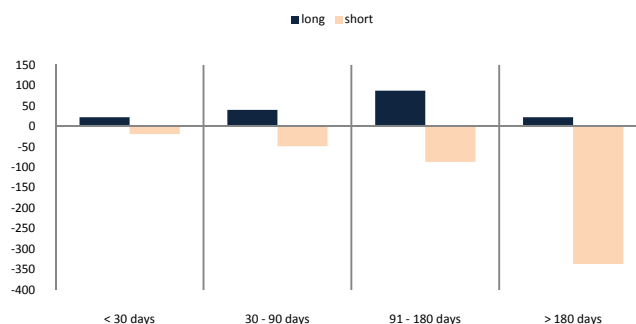


Figure 9 and Figure 10 show the average daily Gamma and Vega positions for different moneyness buckets, again split up into long and short positions. At the backdrop of the current market uncertainty, most of our option positions are at-the-money exposures. A small fraction of vega and gamma risk is generated through out-of-the money positions.

Figure 9: Average Gamma per Moneyness (million CHF)

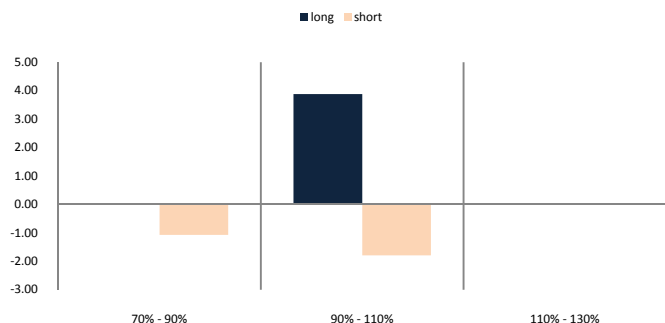
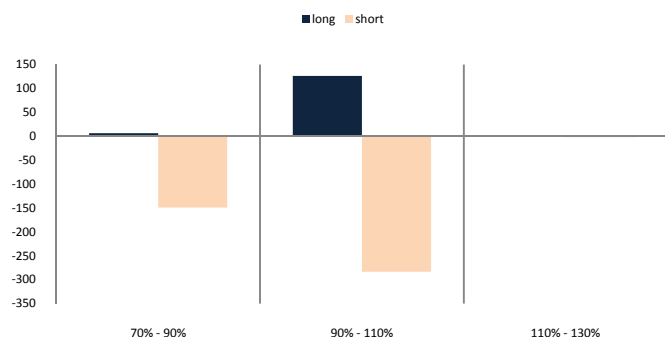


Figure 10: Average Vega per Moneyness (thousand CHF)

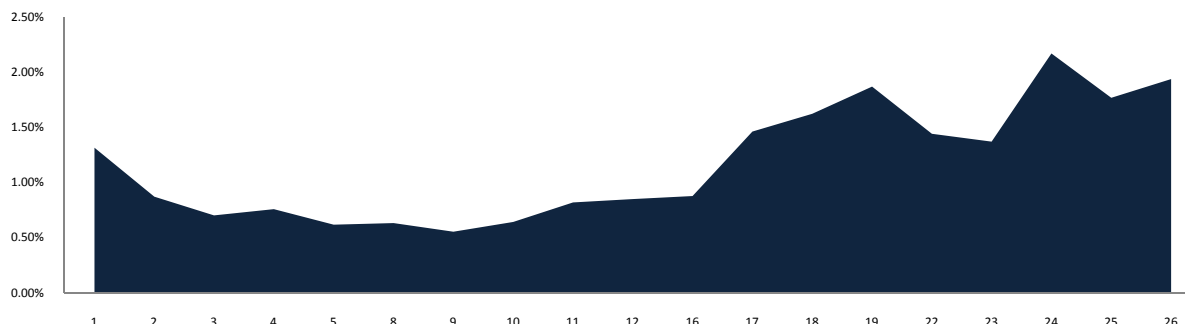


Risk Exposure

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Our risk allocation for the different strategies within Riverplus is based on the maximum loss principle. Maximum loss, in contrast to the commonly used Value-at-Risk concept, is a coherent risk measure. The principle of maximum loss is based, in a first step, on the definition of the trust region, which can be interpreted as a probability-weighted scenario analysis. These scenarios are then used to define the maximum loss on the portfolio level. For intraday risk measurement, we use a second order approximation for the maximum loss, which is based on the Delta, Gamma, and Vega exposure. For the end-of-day risk figures we use a full-valuation method, which takes into account the whole covariance matrix defined by the price and volatility risks.

Figure 11: Maximum Loss Level (in % of NAV)



As an overall acceptable risk exposure on the fund level, we fix a monthly maximum loss of 5% at the 95% confidence bound. Figure 11 shows the evolution of the fund's maximum loss for each trading day in February. During the whole month, the maximum loss level peaked at 2.17%, but stayed well below 2% for all other trading days.

Riverplus Fund – Additional Information

Strategy	Long-Short Delta Gamma Vega	Assets under Management (February 28, 2010)	59.6 million
NAV per Unit	100.99	Redemption	monthly/30 days notice
Management Fee	2%	Performance Fee	20%
Fund Structure	single fund, open-end	Prime Broker/Custodian	Credit Suisse
Equalisation	yes	High-Water-Mark	yes
Investment Advisor	lambda Capital Group	Investment Manager	Riverplus Management Company
Domicile	Cayman Island	Auditor	KPMG
Stock Exchange Listing	Irish Stock Exchange	Valor/ISIN	10263523/KYG759421053
Day of Inception	October 1 st , 2009	Share Class	CHF

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