Riverplus Fund

MONTHLY INVESTMENT REPORT
June 2011

SHARE PRICE (June 30):	105.12
NAV (June 30):	CHF 49'742'514

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%							1.47%

Key Ratios*

	Since Inception (Oct 1st, 2009):	June 2011:
Annualized Volatility	3.95%	6.41%
Sharpe Ratio (bias corrected)[1]	0.72 (0.62)	-3.95 (-3.02)
Up vs Down Days	56%	32%
Shortfall Probability	44%	68%
Sortino Ratio	1.62	3.34
Omega Ratio	1.13	0.51
Upside Potential Ratio	8.48	5.22
Top Performers		BMWG, ROG, NESN
Top Losers		CRDI, GAMH, ATLN

*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.[2]

Comment on the Negative Performance

This month was the first time since February 2009 that all assets have lost ground. The MSCI All Country World Index was down by -1.5% (including dividends), the Corporate Bond Index by -0.65%, the US Treasuries Index by -0.3%, the GSCI Commodity Index by -5.3%, and oil had its worst quarter since 2008. Hence, June turned out to be a month that most investors would rather forget.

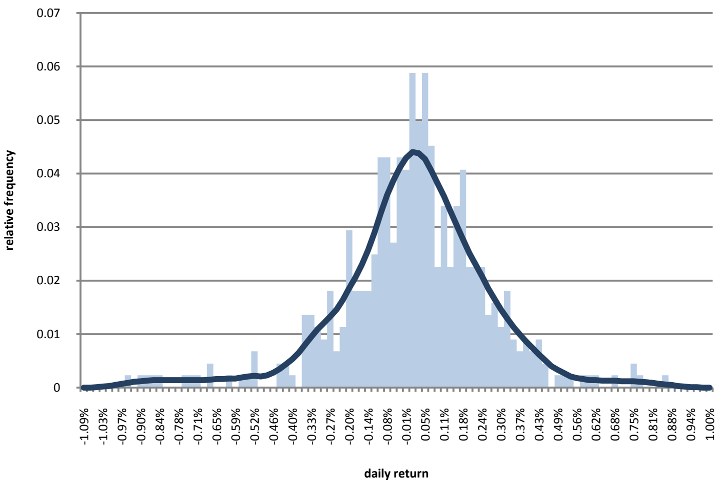
Most critical for the negative performance of our strategy was on one side the sharp increase in the VIX index from a 15.12% low to a 24.65% high, and on the other side the sharp decline of the SMI Index, which fell by 7.78% during the month and ended at 6187 (-4.76%) on June 30. On all grounds and not just one some particular equity positions, these fierce moves and the turning of the general market sentiment caught us by surprise as we started slightly optimistic into the month of June. Our optimism was nurtured by the robustness of equity markets against a number of events that would be considered negative: During the first months of the year, markets withstood the earthquake and tsunami in Japan, the floods in Australia, the severe winter in the United States, the regime changes in the Arabic world, the sharp rise in commodity prices, the credit problems within the European Union, and the possibility of a government shutdown as a result of hitting the debt ceiling in the U.S. and an inability of Congress to reach a compromise on Federal budget cuts. Our optimism was painfully proven wrong. Negative sentiment and uncertainty has finally caught up the markets across all asset classes.

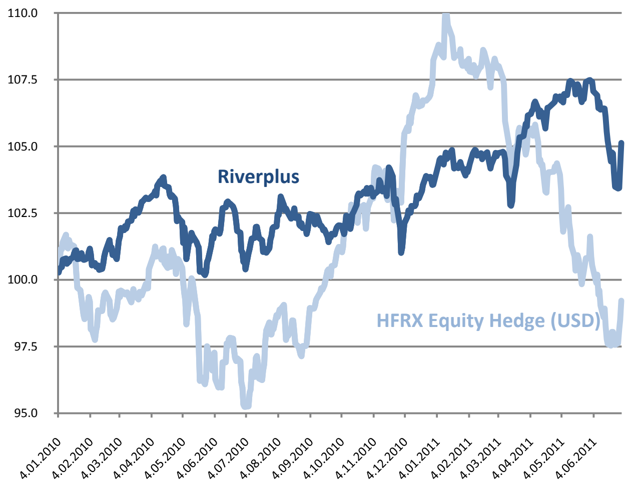
Nevertheless, during the last week of June the general rebound in global equity markets helped us to recover ground. This relief came from the Greek parliament's endorsement of austerity measures, by the positive signals from the Chinese economic policy tightening, and the positive view on the global industry. However, the violence of the latest market downturn made us more cautious and we are aware of the fact that it is easier to approve an austerity package than to implement it. Although Greece will fade from the headlines for some time and the European leaders have sketched the future path, the solution of the problems still needs to be proven.

[1] Our bias-corrected Sharpe Ratio is based on an annualization correction and a Newey-West adjustment for the standard deviation of returns that takes into account serial correlation and heteroscedasticity, both of which can lead to potential biases in the traditional Sharpe Ratio calculation. See, Lo, Getmanksy, and Makarov (2004), "An Econometric Model of Serial Correlation and Illiquidity in Hedge-Fund Returns," *Journal of Financial Economics*, 74, 529–609.

[2] 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.

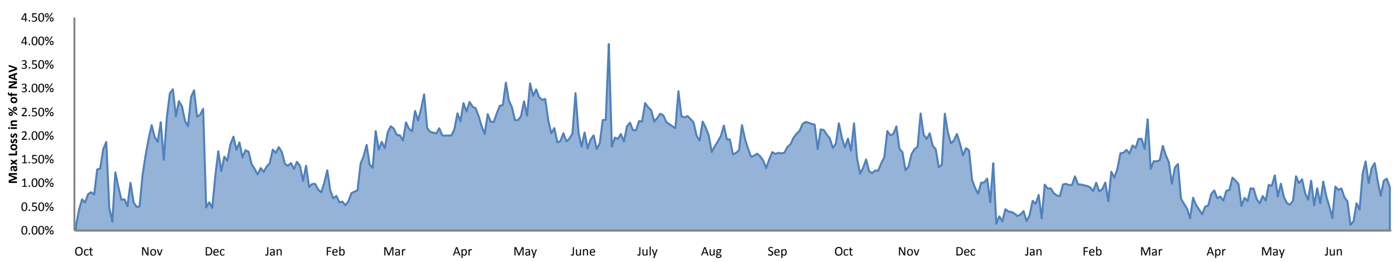
Evolution of NAV and Distribution of Daily Returns[3]





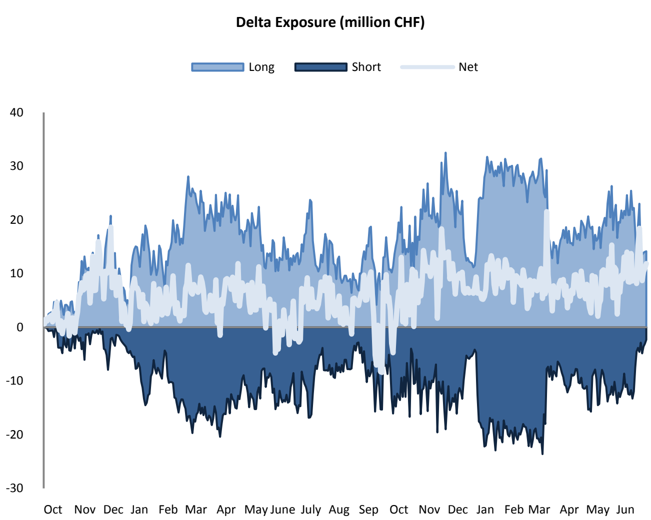
Risk Exposure

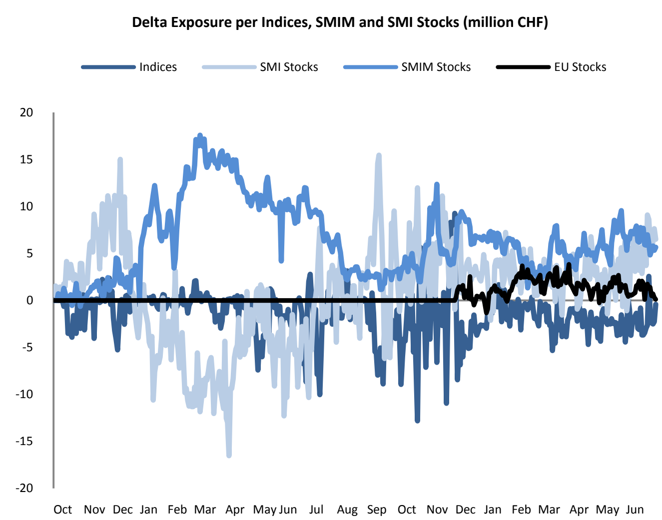
Our risk allocation for the different strategies within Riverplus is based on the maximum loss principle. In contrast to the commonly used Value-at-Risk, Maximum Loss is a coherent risk measure.[4] As an overall acceptable risk exposure on the fund level, we fix a monthly maximum loss of 5% at the 95% 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.

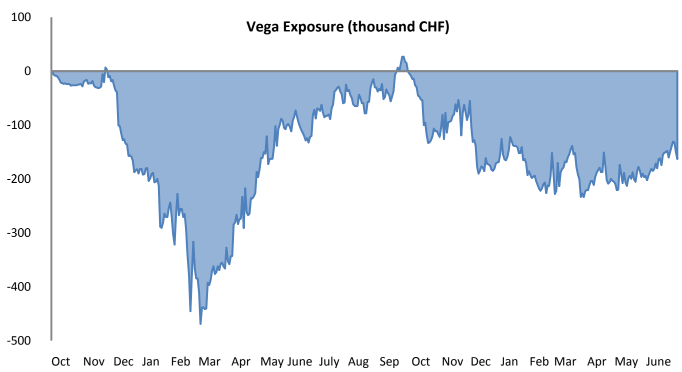


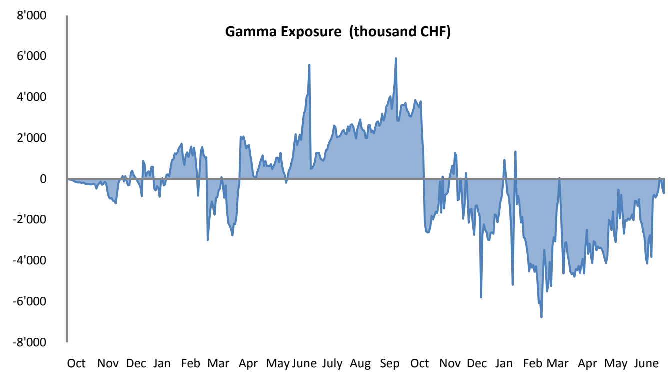


[3] For the daily return distribution, we plot the histogram together with a non-parametric density estimator based on Gaussian kernels.
[4] See, Artzner, Delbaen, Eber, Heath (1999), "Coherent Measures of Risk," *Mathematical Finance*, 9, 203-228.

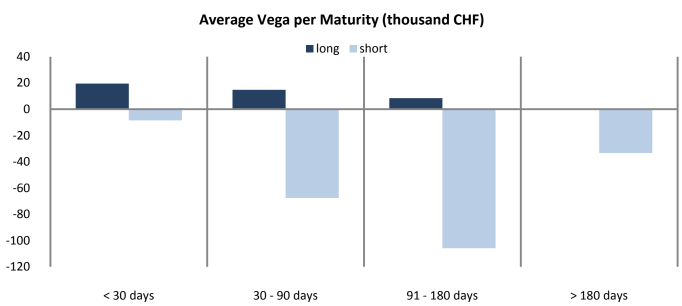
Gamma and Vega Exposure

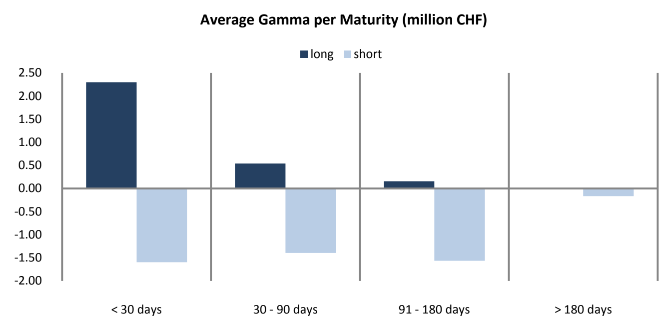
A large part of the risk capital is allocated to active option-based strategies. Therefore, Gamma and Vega exposures play a prominent role in our risk management and need to be monitored carefully. The figures below plot the daily net Gamma and Vega exposures since inception.

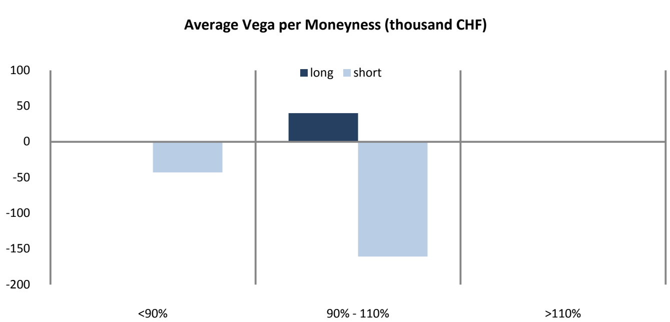


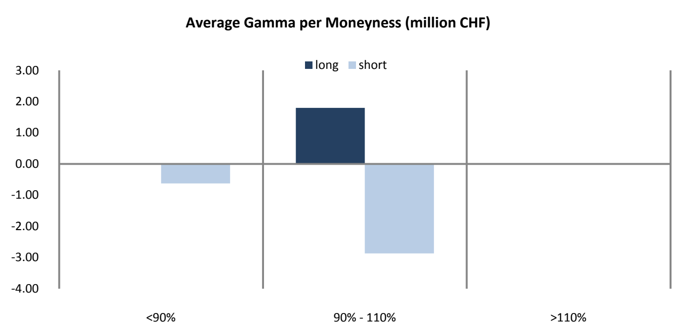


To provide more information about the nature of our Vega and Gamma exposures, we plot the maturity and moneyness buckets for the average daily Gamma and Vega positions in the figures below, split up into long and short positions.









Additional Information

Strategy	Long-Short Delta Gamma Vega	**Assets under Management** (June 31, 2011)	50 million
NAV per Unit	105.12	**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**	BNY Mellon Alternative Investment Services*
Equalisation	yes	**High-Water-Mark**	yes (105.74 as of June 30, 2011)
Investment Advisor	lambda Capital Group	**Investment Manager**	Riverplus Management Company
Domicile	Cayman Islands	**Auditor**	KPMG
Stock Exchange Listing	Irish Stock Exchange	**Valor/ISIN**	10263523/KYG759421053
Day of Inception	October 1st, 2009	**Share Class**	CHF

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