Riverplus Fund

MONTHLY INVESTMENT REPORT
September 2011

SHARE PRICE (September 30): 100.92
NAV (September 30): CHF 45'789'618

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%				-2.59%

Key Ratios*

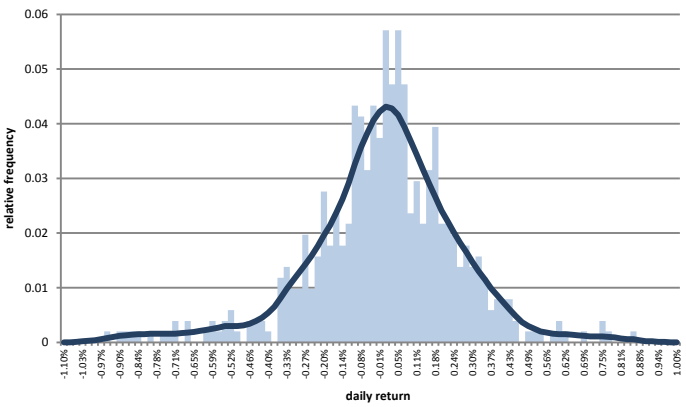
	Since Inception (Oct 1st, 2009):	September 2011:
Annualized Volatility	4.02%	2.70%
Sharpe Ratio (bias corrected)[1]	0.11 (0.09)	-2.07 (-2.07)
Up vs Down Days	54%	41%
Shortfall Probability	46%	59%
Sortino Ratio	0.15	-2.74
Omega Ratio	1.02	0.71
Upside Potential Ratio	7.85	6.84
Top Performers		NOVN, ROG, SSMI
Top Losers		HOLN, NOK1V, STOXX50E

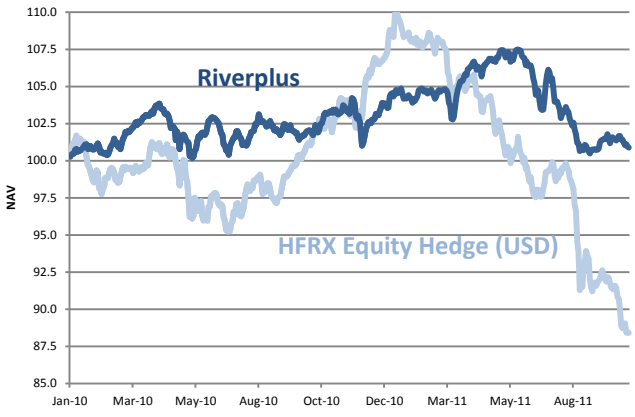
*To calculate the Sharpe Ratio and other key ratios we use the average 1 month CHF Libor rate over the respective time horizon as proxy for the risk-free rate. All numbers are based on daily NAV calculations and we annualize by assuming 253 trading days. The Shortfall Probability measures the probability 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.[2]

Comment on the Negative Performance

The market environment continues to be unstable and strongly influenced by political factors. Early August, overall volatility levels have been soaring and the V2X index peaked at 60%. The situation is comparable to the crisis in 2008, when volatilities remained high over a period of three months. As long as negotiations for a solution to the sovereign debt crisis have no end in sight and rating agencies further fuel market uncertainty, we expect volatility to remain exceptionally high. Furthermore, the unstable investor sentiment led to an oscillating behavior of implied volatility and will continue to do so. These volatility dynamics had a negative impact not only on our strategic volatility positions involving trades in the STOXX50E, but also on our hedging strategy, particularly for the delta long position in HOLN. We believe to see a similar pattern as we did in 2008, when volatility markets started to recover before the market low was reached in March 2009. However, the trigger for such a recovery will be the moment when the contours of a sovereign debt solution emerge.

Evolution of NAV and Distribution of Daily Returns[3]





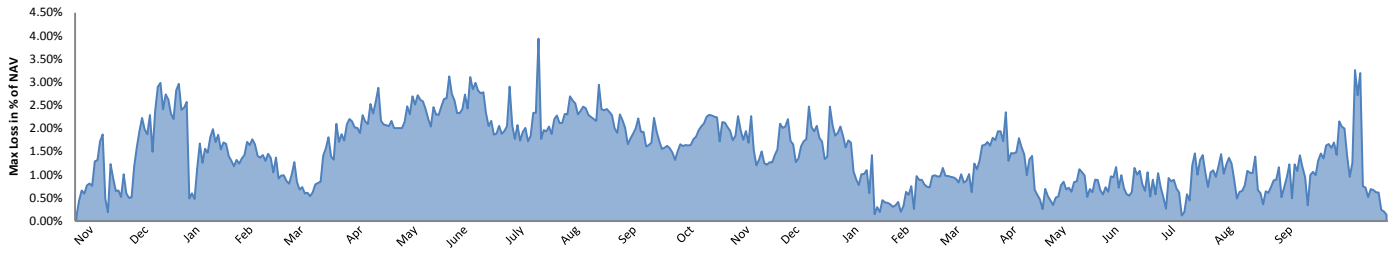
[1] Our bias-corrected Sharpe Ratio is based on an annualization correction and a Newey-West adjustment for the standard deviation of returns that takes into account serial correlation and heteroscedasticity, both of which can lead to potential biases in the traditional Sharpe Ratio calculation. See, 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.

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

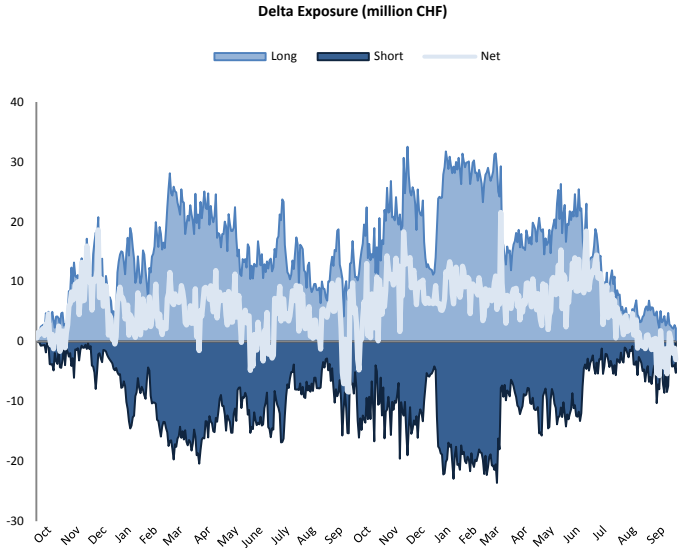
Risk Exposure

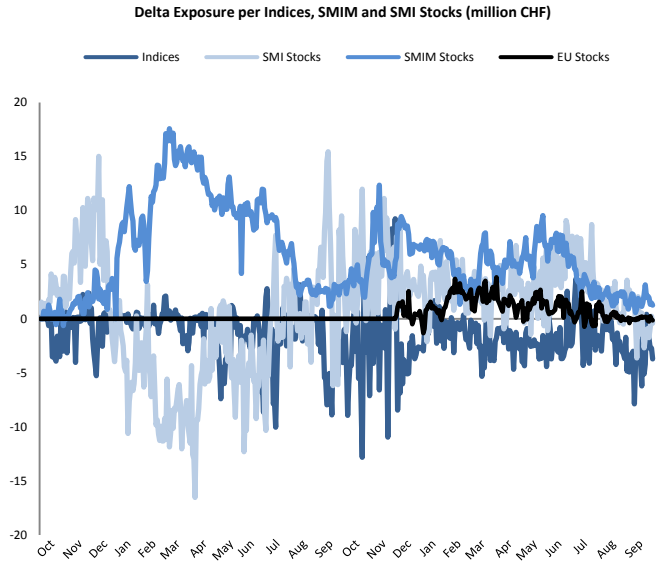
Our risk allocation for the different strategies within Riverplus is based on the maximum loss principle. In contrast to the commonly used Value-at-Risk, Maximum Loss is a coherent risk measure.[4] As an overall acceptable risk exposure on the fund level, we fix a monthly maximum loss of 5% at the 95%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



Delta Exposure

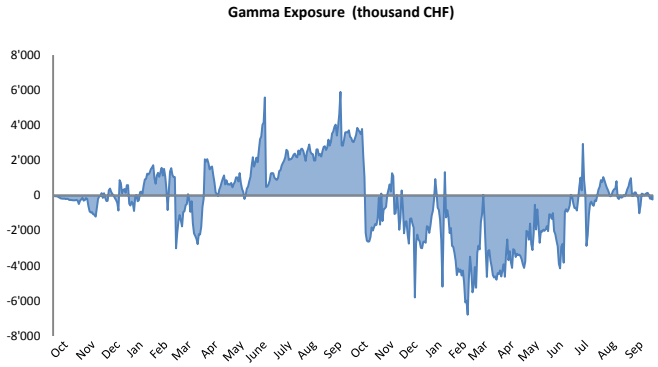
The figures below show our Delta exposures. On the right, we plot our long and short Delta positions as well as the resulting net Delta position, expressed in millions of CHF. The left figure illustrates the Delta exposures for our index positions and for the positions in SMI and SMIM stocks.

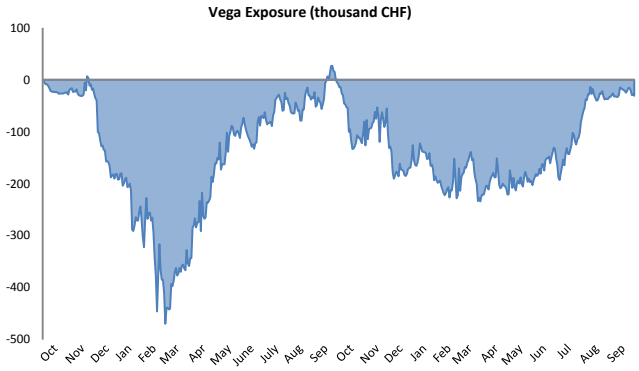




Gamma and Vega Exposure

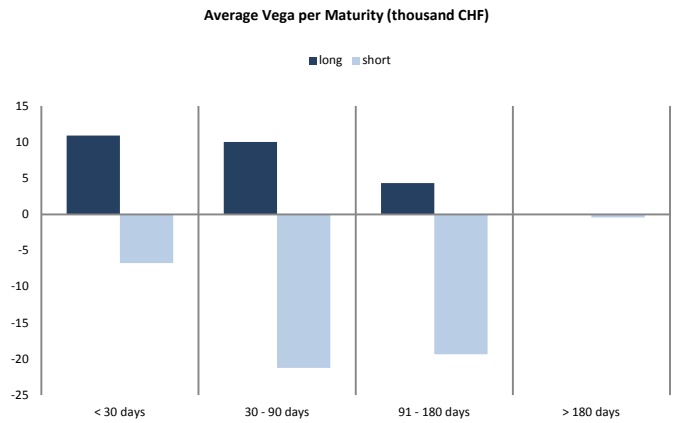
A large part of the risk capital is allocated to active option-based strategies. Therefore, Gamma and Vega exposures play a prominent role in our risk management and need to be monitored carefully. The figures below plot the daily net Gamma and Vega exposures since inception.

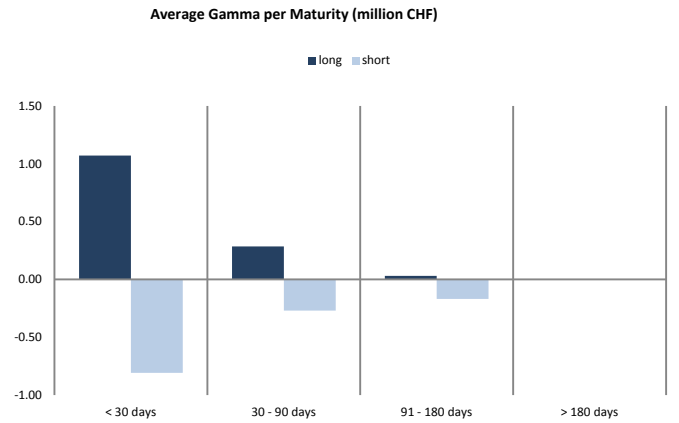


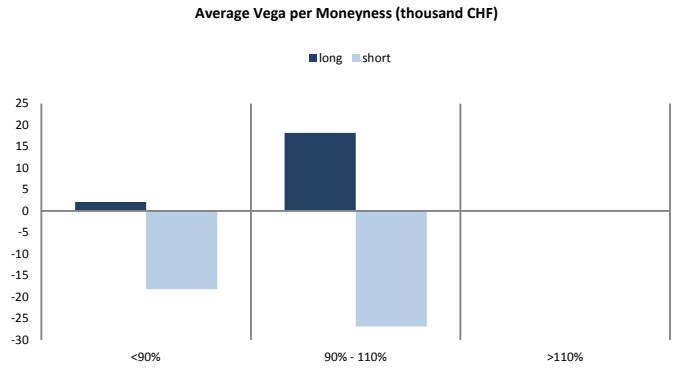


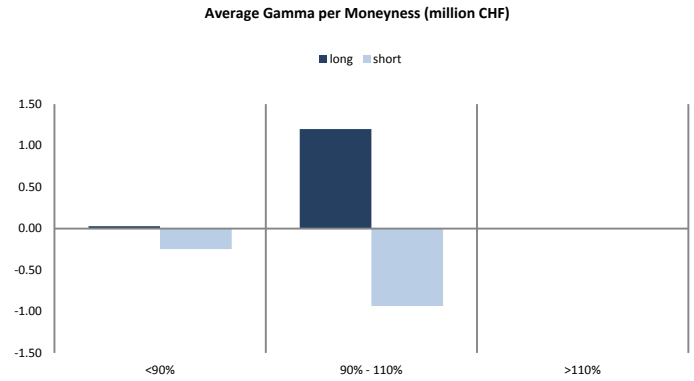
To provide more information about the nature of our Vega and Gamma exposures, we plot the maturity and moneyness buckets for the average daily Gamma and Vega positions in the figures below, split up into long and short positions.

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









Additional Information			
Strategy	Long-Short Delta Gamma Vega	**Assets under Management** (September 30, 2011)	46 million
NAV per Unit	100.92	**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 September 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

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.